FAB SECURITIES أبوظبي الأول للأوراق المالية

First Look Note | 2Q25

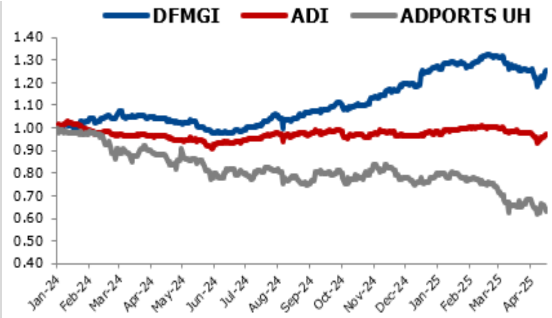
UAE Equity Research | Sector: Industrials | Market: ADX

Abu Dhabi Ports Company PJSC

Successful M&A contributions, higher cargo volumes, and expanded port operations drove top-line growth

Current Price	Target Price	Upside/Downside (%)	Rating
AED 4.30	AED 7.00	+63%	BUY

- ADPORTS advanced two spots to rank as the 19th largest global port operator and is projected to reach 18th by end-2025.
- ADPORTS's total debt grew from AED 18.0 Bn in 1Q25 to AED 18.6 Bn in 2Q25.
- The Capex declined 21% YOY to AED 928 Mn in 2Q25, bringing the YTD spend to AED 1.9 Bn in 1H25, with c. half of YTD 2025 capex invested in infrastructure.
- The balance sheet remains robust, with AED 2.9 Bn cash and AED 5.4 Bn in undrawn credit in Q225, ensuring ample operational and investment flexibility.
- AD Ports targets 10–15% CAGR in revenue and EBITDA, and 15% CAGR in PBT, for 2024–2029.



Stock Information	
Market Cap (AED, Mn)	21,479.80
Paid Up Capital (Mn)	5,090.00
52 Week High	5.40
52 Week Low	3.49
3M Avg. daily value (AED)	14,328,960

2Q25 Result Review (AED, Mn)	
Total Assets	67,268
Total Liabilities	37,819
Total Equity	29,450
EBITDA	1,169
Net Profit	321

Financial Ratios	
Dividend Yield (12m)	NA
Dividend Pay-out (%)	NA
Price-Earnings Ratio(x)	14.80
Price-to-Book Ratio (x)	0.89
Book Value (AED)	4.81
Return-on Equity (%)	5.72

Stock Performance	
5 Days	-0.47%
1 Months	2.63%
3 Months	10.26%
6 Months	-10.42%
1 Year	-13.83%
Month to Date (MTD%)	3.37%
Quarter to Date (QTD%)	5.65%
Year to Date (YTD%)	-15.52%

2Q25 Net Profit lower than our estimate

AD Ports Group (ADPORTS /The Company) net profit declined 3.5% YOY to AED 321 Mn in 2Q25, lower than our estimate of AED 344 Mn. The decline in net profit is primarily driven by higher depreciation, amortisation, and finance costs which was offset by strong revenue growth. A higher effective tax rate also impacted net profit during 2Q25 following the introduction of the Pillar-2 Domestic Minimum Top-up Tax in the UAE.

P&L Highlights

ADPORTS's revenue increased 15.4% YOY to AED 4,826 Mn in 2Q25, fueled by strong performances in the Ports, Maritime & Shipping, and EC&FZ clusters, with additional support from the Digital and Logistics segments. On a like-for-like basis, excluding M&A contributions in 2Q25, primarily from United Global Ro-Ro (UGR) in Maritime & Shipping and Luanda Port operations in Ports, Group revenue increased 10% YOY during 2Q25. The Ports segment revenue rose from AED 563 Mn in 2Q24 to AED 736 Mn in 2Q25, and 28% YOY on a like-for-like (LFL) basis, driven by strong gains in international containers, bulk and general cargo, UAE concession income, and Sese Autologistics contributions. EC&FZ Segment revenue grew 17.9% YOY to AED 555 Mn in 2Q25, driven primarily by rise in Warehouse Leases, growth in Sdeira Group Leased Beds, and increase in Land Lease revenues. Maritime & Shipping segment revenue rose 19.9% YOY to AED 2,360 Mn, contributing 48.9% of Group revenue in 2Q25. The segment revenue was driven by strong gains in Marine Services and Shipping, partially offset by decline in Offshore and Subsea revenue due to vessel drydocking. Logistics cluster revenue increased 4.6% YOY to AED 1,130 Mn in 2Q25, driven by strong gains in Project. Logistics, Air Freight Forwarding, and Warehousing, partly offset by weaker Ocean Freight and Polymer business performance. Digital cluster's revenue rose 15.8% YOY to AED 178 Mn in 2Q25, supported by a combination of external projects under Dubai Technologies, single-window service offerings, and Nishan's security services. Direct costs grew 18.5% YOY to AED 3,494 Mn in 2Q25. As a result, gross profit rose 8.2% YOY to AED 1,332 Mn in 2Q25. Additionally, gross margins narrowed from 29.5% in 2Q24 to 27.6% in 2Q25. G&A expenses rose 12.2% YOY to AED 551 Mn in 2Q25. The Company recorded impairments on trade receivables of AED 33 Mn in 2Q25 compared to an impairment of AED 58 Mn in 2Q24. Selling and marketing expenses increased from AED 15 Mn in 2Q24 to AED 24 Mn in 2Q25. Other income fell from AED 22 Mn in 2Q24 to AED 4 Mn in 2Q25. As a result, the operating profit grew 5.5% YOY to AED 727 Mn in 2Q25. The Company's EBITDA rose 9.2% YOY to AED 1,169 Mn in 2Q25, while the EBITDA margin fell from 25.6% in 2Q24 to 24.2% in 2Q25. Growth was driven by strong gains in Digital, Ports, and Economic Cities & Free Zones, along with a moderate contribution from Maritime & Shipping. This was partially offset by a sharp decline in Logistics segment EBITDA, impacted by lower polymer volumes from plant maintenance and unfavourable pricing in the ocean freight segment. EC&FZ EBITDA grew 28.6% YOY to AED 331 Mn in 2Q25, with margins improving to 59.6% in 2Q25 from 54.7% in 2Q24. Maritime EBITDA increased to AED 575 Mn in 2Q25 from AED 534 Mn in 2Q24. However, margins declined to 24.3% in 2Q25 from 26.8% in 2Q24, due to reduced Offshore & Subsea profitability from vessel drydocking, lower container feeder shipping rates, and higher costs associated with launching the new Ro-Ro shipping business. Ports EBITDA rose 29.3% YOY to AED 304 Mn in 2Q25, while Logistics EBITDA dropped to AED 37 Mn in 2Q25 from AED 96 Mn in 2Q24, reflecting weaker Polymer business performance, lower ocean freight rates, and the transfer of Sesé Autologistics to the Ports cluster from 1Q25. Digital cluster's EBITDA rose 33.8% YOY to AED 67 Mn in 2Q25, with a margin of 37.5% in 2Q25 compared to 32.5% in 2Q24. Finance costs rose 9.2% YOY to AED 257 Mn in 2Q25. Finance income grew from AED 19 Mn in 2Q24 to AED 26 Mn in 2Q25. Share of profit from joint ventures reached AED 22 Mn in 2Q25 compared to AED 18 Mn in 2Q24, while share of profit from associates declined to AED 1 Mn in 2Q25 from AED 12 Mn in 2Q24. The Company's income tax expense rose from AED 55 Mn in 2Q24 to AED 74 Mn in 2Q25, due to a higher effective tax rate following the implementation of Pillar-2 DMTT in the UAE. Share to NCI increased from AED 106 Mn in 2Q24 to AED 124 Mn in 2Q25.

Balance Sheet Highlights

ADPORTS's total debt grew from AED 18.0 Bn in 1Q25 to AED 18.6 Bn in 2Q25. Net debt (excluding project payables) grew marginally from AED 15.5 Bn in 1Q25 to AED 15.6 Bn in 2Q25. In comparison, net leverage stood at 4.1x in 1H25. The Company holds AED 2.9 Bn in cash and AED 5.4 Bn in available undrawn credit facilities, as of 2Q25, offering substantial flexibility to support ongoing operations and pursue strategic investments. Cash flow from operations nearly doubled from AED 591 Mn in 2Q24 to AED 1,140 Mn in 2Q25, reflecting a high 97% cash conversion ratio compared with 55% in 2Q24. Capex fell 21% YOY to AED 928 Mn in 2Q25, totaling AED 1.9 Bn in 1H25. The Company delivered positive free cash flow to the firm in both 2Q25 (AED 403 Mn) and 1H25 (AED 63 Mn), compared to negative FCF in 2Q24 and 1H24, marking a key milestone driven by stronger operating cash flows, efficient capex allocation, and disciplined working capital management.

Target Price and Rating

We maintain our BUY rating on ADPORTS with an unchanged target price of AED 7.00. AD Ports Group reported a strong performance in 2Q25 and 1H25, achieving several strategic and operational milestones. The Company generated positive free cash flow to the firm in both periods (2Q25 & 1H25), underpinned by improved operating cash flows, efficient capital expenditure deployment, and disciplined working capital management. Capex stood at AED 1.9 Bn in 1H25, with nearly half directed toward infrastructure projects, including major port developments in Egypt, Pakistan, Congo, and Angola, which are expected to accelerate spending in the coming quarters. M&A activities contributed AED 625 Mn, representing 7% of total revenue in 1H25. The balance sheet remains robust, with AED 2.9 Bn in cash and AED 5.4 Bn in undrawn credit facilities, as of 2Q25, offering significant flexibility for ongoing operations and strategic investments. The Group maintained its solid investment-grade credit rating with no debt maturities due in 2025 or 2026. Macroeconomic trends have been favorable, with Abu Dhabi's non-oil foreign trade rising 35% YOY to AED 195 Bn in 1H25, well above the UAE national growth of 24% and global trade growth of 1.75%, supporting port and logistics activities. The Group leveraged Comprehensive Economic Partnership Agreements (CEPAs), with 28 agreements signed and 10 implemented, including new deals with Jordan and Serbia during 2Q25, bolstering cross-border trade flows. Operationally, AD Ports strengthened its global presence, establishing a 5% share in the global RORO port market, handling c. 1.5 Mn vehicles (LTM) supported by long-term contracts and investments in specialized vessels. Container port capacity increased to 11.8 Mn TEUs annually, with 6.9 Mn TEUs handled over the past 12 months, reinforcing its position among the top global port operators. General cargo volumes reached 59.1 Mn tonnes on an LTM basis in 2Q25, demonstrating strong demand across industrial, bulk, and project shipments. In economic zones, 1.6 sq km of new land leases were signed during 2Q25, bringing the total leased area to 72 sq km, supporting manufacturing and logistics sector growth. Gas supply reached 23 Mn MMBTU over the past year, ensuring secure and efficient energy solutions for industrial clients. As of 2Q25, the Group's diversified maritime fleet includes 26 container feeder services with 52 vessels, 34 bulk/RORO/multipurpose vessels, 107 offshore/subsea vessels, and 74 marine service vessels, enabling comprehensive end-to-end logistics. Over the past 12 months, AD Ports handled 4.7 Mn tonnes of polymers, more than 43K tonnes of air freight, and 387K TEUs of ocean freight, enhancing multimodal capabilities. Based on 2024 volumes, AD Ports moved up two positions to become the 19th largest global port operator, with expectations to reach 18th by the end of 2025. The Group continues to benefit from trade rerouting driven by US-China tariffs, regional conflicts, and shifting supply chains, while advancing overseas projects such as East Port Said in Egypt and the Safaga port project. EC&FZ also secured four new 50-year land lease agreements in renewable energy, recycling, F&B, and green logistics, unlocking AED 645 Mn in planned investment. In 2Q25, AD Ports Group's EC&FZ division secured multiple 50-year agreements, including a renewable usufruct deal with the Suez Canal Economic Zone to develop a 20 sq km industrial and logistics park in East Port Said, Egypt. Additional land leases included Broaden Energy (AED 455 Mn investment for hydrogen, solar, and wind EPC projects), Witthal Gulf Industries (AED 40 Mn) for EV battery recycling), Axione Development & Stock Space (AED 50 Mn for F&B warehousing), and Sing Auto (AED 100 Mn for green logistics). KEZAD Business District, a three sq km mixed-use hub, was also announced. In Central Asia, operations began at Georgia's Tbilisi Intermodal Hub, and Gulf Link, a JV with Kazakhstan Railways' KTZ Express, was launched to enhance multimodal connectivity. Preliminary agreements in Kazakhstan include developing a multipurpose terminal at Kuryk Seaport, expanding the oil tanker fleet, and commissioning four shallow-draft container ships for the Caspian Sea. In Maritime & Shipping, Noatum Maritime and ASRY launched a Bahrain JV for integrated marine services and signed deals to boost dry-docking, shipbuilding, and green ship recycling. In July 2025, AD Ports signed with Ningbo Zhoushan Port Group to establish a China–Middle East–Africa auto logistics network, opened offices in Shanghai and Beijing, and leased 100K sqm at Khalifa Port to Emirates Food Industries. AD Ports Group has maintained its medium-term outlook, projecting revenue growth of 10-15% CAGR and Profit Before Tax growth of 15% CAGR between 2024 and 2029. EBITDA is also expected to grow at a 10-15% CAGR over the same period, supported by stronger margins in the Ports, Economic Cities & Free Zones, and Digital clusters, with overall margins anticipated to remain in the 25-30% range. While these clusters will drive margin resilience, the Maritime & Shipping and Logistics segments are expected to deliver relatively lower margins during the guidance period. Capital expenditure is expected at AED 3.5-4.0 Bn annually in both 2025 and 2026. Considering all these factors, we maintain our BUY rating on the stock.

AD PORTS - Relative valuation

(at CMP)	**2022**	**2023**	**2024**	**2025F**
PE	17.5	20.3	15.9	14.3
PB	1.1	1.0	0.9	0.9
EV/EBITDA	12.8	10.6	7.5	5.8
EPS	0.245	0.211	0.269	0.298
BVPS	3.781	4.091	4.505	4.804

FABS Estimates & Co Data

Note: *AD Ports Group was listed on the ADX on 8th February 2022*

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AD PORTS – P&L

AED Mn	2Q24	1Q25	2Q25	2Q25F	Var	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	4,181	4,597	4,826	5,002	-3.5%	15.4%	5.0%	17,286	19,640	13.6%
Direct costs	-2,950	-3,421	-3,494	-3,736	-6.5%	18.5%	2.1%	-12,344	-14,046	13.8%
Gross profit	**1,231**	**1,175**	**1,332**	**1,266**	**5.2%**	**8.2%**	**13.3%**	**4,942**	**5,594**	**13.2%**
G&A expenses	-491	-527	-551	-525	5.0%	12.2%	4.7%	-2,109	-2,475	17.4%
Impairment of Trade Rec	-58	-28	-33	-54	-38.6%	-42.9%	18.7%	-186	-211	13.6%
Selling & mkt expenses	-15	-16	-24	-18	36.8%	58.6%	51.3%	-73	-106	46.1%
Other income	22	47	4	97	-96.3%	-83.5%	-92.3%	315	522	65.7%
EBITDA	**1,070**	**1,136**	**1,169**	**1,241**	**-5.8%**	**9.2%**	**2.9%**	**4,509**	**5,184**	**15.0%**
EBIT	**689**	**652**	**727**	**768**	**-5.3%**	**5.5%**	**11.5%**	**2,889**	**3,324**	**15.0%**
Finance cost	-236	-249	-257	-284	-9.3%	9.2%	3.5%	-1,010	-1,078	6.7%
Financial income	19	20	26	21	25.9%	37.4%	32.1%	54	89	63.6%
FV loss / gain on invt FVTPL	-7	-1	1	0	NM	NM	NM	-15	0	NM
Share of profit from assoc	12	8	1	7	NM	NM	NM	25	27	10.0%
Share of profit from JV	18	16	22	24	-7.8%	25.3%	41.0%	86	87	1.3%
Profit before tax	**493**	**515**	**519**	**535**	**-3.2%**	**5.1%**	**0.8%**	**2,042**	**2,449**	**19.9%**
Income tax	-55	-51	-74	-80	-8.1%	34.8%	44.3%	-264	-343	29.9%
Profit after Tax	**439**	**464**	**445**	**455**	**-2.3%**	**1.4%**	**-4.0%**	**1,778**	**2,106**	**18.5%**
Non-controlling int.	106	116	124	112	11.2%	16.7%	7.1%	448	588	31.2%
Net Profit	**333**	**348**	**321**	**344**	**-6.7%**	**-3.5%**	**-7.7%**	**1,330**	**1,519**	**14.2%**

FABS estimate & Co Data

AD PORTS - Margins

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	29.5%	25.6%	27.6%	-185	203	28.6%	28.5%	-11
EBITDA	25.6%	24.7%	24.2%	-137	-48	26.1%	26.4%	31
Operating Profit	16.5%	14.2%	15.1%	-142	89	16.7%	16.9%	21
Net Profit	8.0%	7.6%	6.6%	-131	-92	7.7%	7.7%	4

FABS estimate & Co Data

Valuation:

We assigned a 100% weight to DCF valuation as the Company is working on multiple projects which are still under development and these projects will be completed over a period of time. The Company also plans to incur a capex of c. AED 3.5-4.0 Bn annually during FY2025 and FY2026 to complete these projects. Thus, we believe DCF valuation will be able to capture the valuation more precisely as compared to the other valuation methods.

Valuation Method	Target	Weight	Weighted Value
DCF Method	7.00	100.0%	7.00
Weighted Average Valuation (AED)			**7.00**
Current market price (AED)			4.30
Upside/Downside (%)			63%

1) ADPORTS DCF Method:

ADPORTS is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 7.5%. It is arrived after using the cost of equity of 9.5% and the after-tax cost of debt of 5.1%. Cost of equity is calculated by using a 10-year government bond yield of 5.2%, beta of 1.05, and equity risk premium of 4.1%. Government bond yield is calculated after adding Abu Dhabi 10-year spread over a 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	8,906
Terminal value (AED, Mn)	47,890
Firm Value	**56,797**
Net Debt as of June 2025	19,256
Non-controlling Interest	4,967
Valuation of ownership of Aramex & NMDC	2,963
FV to Common shareholders (AED, Mn)	**35,534**
No. of share (Mn)	5,078
Current Market Price (AED)	4.30
Fair Value per share (AED)	**7.00**

DCF Method

(All Figures in AED Mn)	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
EBIT * (1-tax rate)	2,858	3,355	3,825	4,029	4,463	4,837
D&A	1,861	1,962	2,044	2,112	2,175	2,229
(-) Capex	-3,900	-3,850	-3,150	-2,800	-2,400	-1,975
(-) Change in working capital	-1,289	-645	-748	-1,353	-689	-1,252
Free Cash Flow to Firm (FCFF)	**-470**	**823**	**1,970**	**1,989**	**3,549**	**3,838**
Discounting Factor	*0.97*	*0.90*	*0.84*	*0.78*	*0.73*	*0.68*
Discounted FCFF	**-229**[1]	**744**	**1,657**	**1,556**	**2,581**	**2,597**

FABS estimate, [1]Adjusted for partial year

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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