

Abu Dhabi Ports Company (ADPORTS)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 4.50	AED 7.00	+56%	BUY

3Q25 Net Profit higher than our estimate

- ADPORTS revenue increased 15.7% YOY to AED 5,388 Mn in 3Q25, owing to solid growth across the Ports, EC&FZ and Maritime & Shipping clusters. On a like-for-like (LFL basis), excluding the impact of M&A contribution, ADPORTS revenue grew 10% YOY in 3Q25.
- Ports segment revenue grew 18% YOY to AED 713 Mn in 3Q25, and 14% YOY on a LFL basis, due to substantial gains in international containers, bulk and general cargo, coupled with Sesé Auto logistics contributions.
- EC&FZ segment revenue rose 17% YOY to AED 600 Mn, attributed to a 28% YOY increase in warehouse leases and a 31% YOY expansion in the Sdeira Group business during 3Q25.
- The Maritime & Shipping segment remained the Company's highest revenue generator in 3Q25, posting an increase from AED 2,179 Mn in 3Q24 to AED 3,042 Mn. The segment benefited from solid double-digit expansion across Offshore and Subsea, Marine Services, Maritime Transshipment, and Drydocking & Shipbuilding activities.
- Logistics cluster revenue declined 12% YOY to AED 1,112 Mn in 3Q25, mainly owing to weaker market conditions in the freight forwarding business for the Asia & America region, coupled with low storage revenue from the Polymer division.
- ADPORTS simplified its structure by shifting its Digital cluster to a federated model, aligning digital services with core business needs and forming four streamlined clusters, which include Ports, EC&FZ, Maritime & Shipping and Logistics during 3Q25.
- The Company's total EBITDA declined marginally 0.8% YOY to AED 1,204 Mn in 3Q25, attributed to the restructuring of the Digital cluster, which affected the operating profit margin.
- EC&FZ EBITDA grew 23.4% YOY to AED 375 Mn in 3Q25 with EBITDA margin improving from 59.4% in 3Q24 to 62.5% in 3Q25.
- Maritime EBITDA shrank from AED 614 Mn in 3Q24 to AED 603 Mn in 3Q25, driven by lower rates in the container shipping feeder business, partially offset by higher volume.
- Ports segment EBITDA witnessed a strong 25.0% YOY growth to AED 358 Mn in 3Q25 with an EBITDA margin of 50.2%, compared to 47.5% in 3Q24.
- Logistics segment experienced a decline in EBITDA from AED 92 Mn in 3Q24 to AED 33 Mn in 3Q25, mainly affected by soft Polymer business performance, lower ocean and air freight rates, along with the shift of Sesé Auto Logistics into the Ports Cluster from the beginning of the year.
- Profit before tax grew 16.8% YOY to AED 595 Mn in 3Q25, attributed to lower net finance cost and reversal of impairment charge. In addition, the profit after tax and before NCI significantly increased 33.8% YOY to AED 596 Mn in 3Q25, owing to tax reversal related to the Company's tax filing in 2024.
- Net profit attributable to NCI increased from AED 145 Mn in 3Q24 to AED 153 Mn in 3Q25.

Earnings Call Summary

- ADPORTS signed an AED 2.47 Bn 4.6 km² land-sale deal with Mira Developments to build a large mixed-use community in Abu Dhabi, followed by the sale of two built-to-suit warehouses in KEZAD to Aldar for AED 570 Mn, as part of its asset-monetization strategy to optimize and unlock value from its balance sheet.
- The Company's reported net debt to EBITDA decline from 4.6x in 3Q24 to 4.4x in 3Q25 but increased on a QOQ basis due to the higher quarterly capex.

- The shipping business delivered strong growth in 3Q25. However, the outlook remains uncertain due to geopolitical factors such as Red Sea disruptions, which handled 25% of total container volumes in 9M25 versus 31% in 9M24, as well as US tariffs, ongoing trade tensions, and other global headwinds.
- Going forward, the Company's strategic M&A opportunities will be centred on the Ports and EC&FZ clusters, with a focus on infrastructure-related assets.
- ADPORTS aims to achieve sustainable positive free cash flow starting in 2026.
- In the Maritime segment, ADPORTS increased the number of feeder services to 27, which connect 28 countries across 86 ports.
- The Company expanded its warehouse capacity during 3Q25, leasing 820k sqm and achieving a utilization rate of over 97%.
- The Company's container volume growth in its operating region continues to outpace Western markets, driven by resilient local economies and sustained nearshoring momentum, trends that are expected to persist through 2026–27 and beyond.
- The M&A contribution to revenue and EBITDA remains modest, at 5% and 3%, respectively during 3Q25.
- The Company signed a dredging agreement in Pakistan to expand capacity at KGTL and KGTM, enhancing both container handling and general and bulk cargo capabilities, with completion expected in 1Q26.
- The Company is building a Single Trade Window for Angola's ARCCLA, reinforcing its presence alongside its USD 250 Mn investment to expand Noatum Ports Luanda Terminal by 2026.
- Capex in 3Q25 was primarily directed toward maritime shipping investments, including the acquisition of a new LNG-powered RoRo vessel. Looking ahead, more than 65% of total capex is expected to be allocated to infrastructure assets.
- The Company's guidance remained unchanged in 3Q25.
- ADPORTS anticipates the leverage will not rise significantly above the 3Q25 level and aims to reduce it to below 4.0x over the next few years. The Company also expects free cash flow to turn positive again, in line with the performance seen in 1Q25 and 2Q25.
- The Company's capex guidance is provided on a net capex basis, and although AED 3.6 Bn has been spent in 9M25, the full-year target has not yet been reached. The proceeds from asset sales, including vessels, warehouses, and land, are expected to offset capex outlays and keep net capex within the 2025 guidance range of AED 3.5–4.0 Bn.
- The Company expects a slightly lower effective tax rate of 12–13% down from 13–14% from 4Q25 onwards, due to the ongoing tax planning and optimization efforts.
- Demand for warehouses continues to exceed supply, with new facilities reaching 70–90% occupancy at handover. Since the Company's value is primarily in developing and ramping up warehouses, ADPORTS plans to continue selling stabilized warehouse assets and reinvesting the proceeds into new developments.
- The Company does not plan to hold minority financial investments over the long term unless they offer a clear strategic benefit. Given the difficulty in identifying such advantages, holdings like Aramex and NMDC are being evaluated for potential divestment.
- The EBITDA margin expansion toward medium-term targets will be driven primarily by operating leverage in Ports and Economic Cities, supported by long-tenure land leases, scaling benefits, and a rise in concession volumes.

ADPORTS – P&L

AED Mn	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch
Revenue	4,657	4,826	5,388	5,133	5.0%	15.7%	11.6%
Operating costs	-3,263	-3,494	-3,958	-3,600	9.9%	21.3%	13.3%
Gross profit	1,394	1,332	1,431	1,533	-6.7%	2.6%	7.4%
EBITDA	1,214	1,169	1,204	1,337	-9.9%	-0.8%	3.0%
Profit before tax	509	519	595	597	-0.4%	16.8%	14.7%
Income tax expense	-64	-74	1	-90	NM	NM	NM
Net profit for the period	445	445	596	508	17.5%	33.8%	34.0%
NCI	145	124	153	124	22.7%	5.3%	23.0%
Profit attributable to equity holders	301	321	444	383	15.8%	47.6%	38.3%

FABS estimate & Co Data

AD Ports Management Guidance:



Revenue 5Y CAGR

FY 2024-29
10-15%

- Organic revenue growth will be driven by the Ports, EC&FZ, and Logistics Clusters
- Including all existing operations and approved/announced projects and acquisitions



EBITDA 5Y CAGR

FY 2024-29
10-15%

- Ports, EC&FZ, and Digital Clusters to support overall margins while Maritime & Shipping and Logistics Clusters yield lower margins
- EBITDA Margin to remain within 25-30% range in the medium term



PBT 5Y CAGR

FY 2024-29
c.15%

- EBITDA performance together with operating leverage from capacity ramp-up/utilization as well as debt and interest moderation



CapEx

FY 2025-26
AED 3.5-4bn p.a

- Main recipients by order of quantum: EC&FZ, Ports, and Maritime & Shipping

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%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani +971-2-6161629 ahmad.banihani@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk +971-2-6161700/1 Online Trading Link

+971-2-6161777

Institutional Desk +971-4-4245765

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