

Abu Dhabi Ports Company

Current Price	Target Price	Upside/Downside (%)	Rating
AED 4.85	AED 7.70	+59%	BUY

4Q24 Net Profit lower than our estimate

- ADPORTS net revenue increased 27.9% YOY to AED 4,560 Mn in 4Q24 driven by robust organic double-digit growth across the EC&FZ, Ports, Maritime & Shipping, and Logistics Segments.
- EC&FZ Segment revenue grew 13.0% YOY to AED 530 Mn in 4Q24, mainly driven by growth in land leases of an additional 3 Mn sq km, higher utilization in the KEZAD Communities and growth in utilization of warehouse with existing capacity almost leased out.
- Ports segment revenue rose from AED 485 Mn in 4Q23 to AED 632 Mn in 4Q24, driven by a growth in general cargo volume, higher container throughput and higher Ro-Ro volume partially offset by a decline in the volume of cruise passengers due to Red Sea disruption. On LFL basis, revenue rose 22% YOY in 4Q24.
- Maritime & Shipping segment revenue rose 22.0% YOY to AED 2,156 Mn in 4Q24, primarily attributable to growth in container vessel fleet from 16 in 4Q23 to 46 in 4Q24 and deployed on 24 in 4Q24 vs. 6 services in 4Q23. Container feeder volume rose 5x due to GFS acquisition. It also recorded strong revenue performance from Offshore & Subsea segment and Marine Services segment.
- Logistics cluster revenue increased from AED 817 Mn in 4Q23 to AED 1,255 Mn in 4Q24 owing to strong growth in air freight volume of 50% YOY due to the disruption in ocean freight.
- Digital cluster revenue fell 27.0% YOY to AED 100 Mn in 4Q24, and EBITDA reduced 89% YOY to AED 9 Mn.
- EBITDA more than doubled from AED 524 Mn in 4Q23 to AED 1,188 Mn in 4Q24 driven by the growth in EBITDA of EC&FZ, Maritime & Shipping, Ports and Logistics Segments along with the effect of inorganic growth.
- EC&FZ EBITDA increased 10% YOY to AED 326 Mn in 4Q24, while EBITDA margin fell from 63% in 4Q23 to 61% in 4Q24.
- Maritime EBITDA significantly rose from AED 44 Mn in 4Q23 to AED 434 Mn in 4Q24 due to acquisition of GFS.
- Ports segment EBITDA grew 33.0% YOY to AED 289 Mn in 4Q24, while the logistics segment recorded an EBITDA of AED 76 Mn in 4Q24 compared to AED 36 Mn in 4Q23.
- Digital Cluster EBITDA fell 89.0% YOY to AED 9 Mn in 4Q24.
- Profit before tax rose from AED 273 Mn in 4Q23 to AED 578 Mn in 4Q24 whereas profit after tax rose 73.4% YOY to AED 494 Mn in 4Q24. The Company recorded a tax expense of AED 84 Mn in 4Q24 compared to a tax reversal of AED 12 Mn in 4Q23.
- Net profit attributable to equity shareholders rose from AED 74 Mn in 4Q23 to AED 383 Mn in 4Q24.

Earnings Call Summary

- AD Ports will not be impacted by US tariffs as it is not involved in the east-west global trade lane and specifically to the China-US trade.
- Infrastructure business is expected to gain weight in the whole ecosystem.
- Possesses a balanced portfolio across the maritime sector.
- The offshore and subsea market is expected to remain strong for the next five years.
- The container business is expected to remain strong on global and regional basis in 2025.
- Freight rate is expected to remain stable in 1Q25 and 2Q25.
- CMA terminal commenced operation in Khalifa Port and further plans to expand operation at the port.
- The Company received AED 195 Mn of dividend owing to 10% stake in NMDC.

- AD Ports started dry docking services in Khalifa port within the marine services sub-segment.
- Capex guidance updated to AED 3.5 Bn in 2025 and 2026.
- Expect to generate positive free cash flow from FY2026 paving the way for dividend payment.
- Free cash flow is positive excluding the M&A investment, but it expects positive free cash flow by 2026.
- ADPORTS medium-term guidance remains unchanged, with revenue growth by 10-15% and Profit Before Tax by 15% CAGR between 2024 and 2029.
- The Company shifted the focus to more detailed short-term guidance and expects the capex to be moderate depending upon future opportunity.
- ADPORTS revenue is anticipated to grow at a CAGR of 10-15% during FY2024-29 while Profit Before Tax is expected to grow at a CAGR of 15% during the same period.
- Warehouse utilization reached 97% in Q4, with 250,000 square meters of additional warehouse capacity planned for 2H2025.
- EBITDA Margin is anticipated to range between 25-30% in the medium term.
- In 4Q24, the Company refinanced and increased its RCF from USD 1 Bn to USD 2.15 Bn, reducing spreads and extending maturities until FY2026 and beyond.
- Debt maturity is not scheduled for FY2025.
- Maritime and shipping margins have been stable at c. 30%, and the company does not anticipate significant changes in the short term.
- Container business, which is likely to be impacted by the red sea disruption, represents around 22% of maritime revenues.
- Any major impact of the Red Sea disruptions or other factors will not be fully realized until 2H25.
- In FY2025, the Company expects increased CapEx due to new international concessions and the ramp-up of projects like the CMA terminal.
- FCF is expected to be positive from FY2026 onwards.
- AD Ports intends to transition from bridge financing to long-term debt as interest rates stabilize.
- CMA plans to expand its terminal at Khalifa Port due to rising demand.
- CMA has an option to expand by 0.8 million TEUs using adjacent land, which is already developed. While the full expansion may not happen immediately, the terminal is expected to reach 70% utilization soon, prompting AD Ports to initiate expansion plans. The land is ready, but it will take time to prepare operating equipment. Expansion work is underway, but no specific timeline has been provided.
- The Company is structured into a five-cluster model with each cluster having a CEO, a management team and an internal board. Each cluster reports to the AD Ports Group.
- The recent divestment of 49% of a greenfield project in Congo, Brazil to CMA Group de-risks the project and secures committed trade volumes.
- Strong foreign investment interest in the economic zone, with two new leases signed in Q4 (Delmon Group and Pipetech Solutions).

AD PORTS - P&L

AED mn	4Q23	3Q24	4Q24	4Q24F	Var.	YOY Ch	QOQ Ch
Revenues	3,566	4,657	4,560	4,716	-3.3%	27.9%	-2.1%
EBITDA	524	1,212	1,188	1,409	-15.7%	NM	-2.0%
Profit Before Tax	273	509	578	605	-4.5%	NM	13.5%
Income Tax	12	-64	-84	-48	76.4%	NM	32.2%
Profit After Tax	285	445	494	557	-11.4%	73.4%	10.9%
Non-controlling interest	211	145	111	159	-30.6%	-47.5%	-23.6%
Net profit	74	301	383	398	-3.7%	NM	27.5%

FABS estimate & Co Data

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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