

Abu Dhabi Ports (ADPORTS)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.93	AED 7.00	+78%	BUY

1Q25 Net Profit in line with our estimate

- ADPORTS revenue increased 18.2% YOY to AED 4,597 Mn in 1Q25, primarily driven by robust double-digit growth across the Ports, EC&FZ and Maritime & Shipping clusters. On a LFL basis, excluding the impact of M&A contribution, ADPORTS revenue grew 8% YOY in 1Q25.
- Ports segment revenue rose from AED 565 Mn in 1Q24 to AED 703 Mn in 1Q25, driven by a strong rise in international container operations, bulk and general cargo business, UAE concession revenue due to the start of CMA Terminals at Khalifa Port operation, and leasing revenue. On an LFL basis, revenue rose 18% YOY in 1Q25.
- EC&FZ Segment revenue grew 13.9% YOY to AED 525 Mn in 1Q25, mainly supported by higher revenue from Sdeira leased Beds, driven by an increase in the occupancy rate, higher warehouse utilization rate, and a rise in revenue from Land Leasing, attributed to new land lease agreements covering 0.9 sq km.
- Maritime & Shipping segment revenue rose 29.5% YOY to AED 2,276 Mn in 1Q25, primarily attributable to strong growth in revenue from Marine Services, Offshore & Subsea and Shipping segments. On LFL basis, excluding the impact of GFS and the 2-month contribution from United Global Ro-Ro (UGR), revenue increased 10% YOY in 1Q25.
- Logistics cluster revenue increased 1.7% YOY to AED 1,099 in 1Q25, owing to strong revenue growth in air freight forwarding, ocean freight forwarding and warehousing business, partially offset by a decline in revenue from polymer, driven by the impact of one-off commercial settlement. Additionally, the logistics cluster revenue is also impacted by the transfer of Sese Auto Logistics AED 60 Mn revenue from logistics cluster to the Ports cluster.
- Digital cluster's revenue fell 15.9% YOY to AED 127 Mn, and EBITDA fell 20.5% YOY to AED 75 Mn in 1Q25, driven by deferred income associated with the Advanced Trade & Logistics Platform (ATLP).
- ADPORTS total EBITDA rose 9.3% YOY to AED 1,136 Mn in 1Q25, driven by the growth in EC&FZ, Maritime & Shipping, Ports segments, partially offset by a decline in Logistics and Digital clusters segment.
- EC&FZ EBITDA increased 6.8% YOY to AED 326 Mn in 1Q25. However, EBITDA margin fell from 66.1% in 1Q24 to 62.0% in 1Q25.
- Maritime EBITDA rose from AED 436 Mn in 1Q24 to AED 479 Mn in 1Q25, whereas EBITDA margin fell from 24.8% in 1Q24 to 21.1% in 1Q25.
- Ports segment EBITDA grew 17.3% YOY to AED 292 Mn in 1Q25, while the logistics segment recorded an EBITDA of AED 43 Mn in 1Q25 compared to AED 93 Mn in 1Q24.
- Profit before tax rose 10.4% YOY to AED 448 Mn, whereas profit after tax rose 15.8% YOY to AED 464 Mn in 1Q25. The Company recorded a tax expense of AED 51 Mn in 1Q25 compared to AED 62 Mn in 1Q24.
- Net profit attributable to NCI rose from AED 86 Mn in 1Q24 to AED 116 Mn in 1Q25.

Earnings Call Summary

- The Company's total debt stood at AED 18 Bn in 1Q25, slightly higher than AED 17.8 Bn in 4Q24. While net leverage stood at 3.4x in 1Q25, marginally above 3.3x at end-2024.
- ADPORTS maintains a solid liquidity buffer with AED 2.5 Bn in cash and AED 4.6 Bn in undrawn bank facilities.
- No debt maturities due in 2025 or 2026.

- ADPORTS holds investment-grade credit ratings of AA- by Fitch and A1 by Moody's with stable outlooks.
- Despite global normalization, the container shipping rates remained stable in 1Q25 due to strong regional demand and balanced supply-demand dynamics.
- The dry bulk market remained stable, and ADPORTS benefits from long-term contracts that protect it from rate volatility.
- The Company's recent acquisitions added AED 406 Mn in revenue and AED 95 Mn in EBITDA during 1Q25.
- The Company's greenfield projects in Congo-Brazzaville, Egypt, and Kazakhstan are on schedule and are expected to support P&L growth going forward.
- In the EZ&FZ segment, ADPORTS signed two new land leases in the Polymer and Food Industries during 1Q25.
- The Company received AED 68 Mn of dividend owing to a 10% stake in NMDC in 1Q25, compared to AED 62 Mn received in 1Q24.
- ADPORT's capex spend of AED 954 Mn in 1Q25 was primarily focused on infrastructure in economic cities, Khalifa port, offshore vessels, and dry docks.
- The Company reported a negative free cash flow of AED 173 Mn in 1Q25, primarily due to the working capital impact. However, the Company targets positive free cash flow by 2026.
- ADPORTS expects Capex between AED 3.5-4 Bn in 2025 and 2026.
- The Company anticipates EBITDA to grow at a 10-15% CAGR between 2024 and 2029.
- ADPORTS medium-term guidance remains unchanged, with revenue growth by 10-15% and Profit Before Tax by 15% CAGR between 2024 and 2029.
- ADPORTS maintains an active presence in Latin America through logistics and heavy-lift operations. The Company continues to evaluate strategic partnerships and return potential in the region, with future expansion expected to be gradual and supported by on-ground presence and local market expertise.
- ADPORTS expects logistics EBITDA margins to be 7% to 10% for 2025.
- The Company recorded lower tax rates in 1Q25, primarily due to deferred taxes and changes in qualifying income following the UAE tax rate increase from 9% to 15%.
- ADPORTS anticipates its effective tax rate for the whole year to be around 14% to 15%. However, the tax rate could fluctuate due to deferred taxes recorded later in the year.

AD PORTS - P&L

AED Mn	1Q24	4Q24	1Q25	1Q25F	Var	YOY Ch	QOQ Ch
Revenues	3,888	4,560	4,597	4,687	-1.9%	18.2%	0.8%
EBITDA	1,039	1,188	1,136	1,261	-9.9%	9.3%	-4.4%
Profit Before Tax	406	640	448	518	-13.6%	10.4%	-29.9%
Income Tax	-62	-84	-51	-70	-26.9%	-16.9%	-39.2%
Profit After Tax	400	556	464	448	3.4%	15.8%	-16.6%
Non-controlling interest	86	111	116	97	19.0%	34.2%	4.7%
Net profit	314	445	348	351	-1.0%	10.8%	-21.9%

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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