

Abu Dhabi Ports Company PJSC

Successful M&A contributions boosted the top-line growth

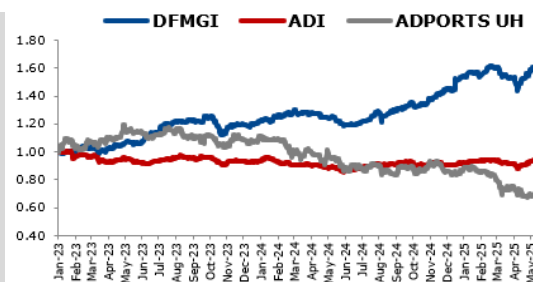
Current Price
AED 3.92

Target Price
AED 7.00

Upside/Downside (%)
+79%

Rating
BUY

- ADPORTS's revenue increased 18.2% YOY to AED 4,597 Mn, while EBITDA grew 9.3% YOY to AED 1,136 Mn in 1Q25.
- ADPORTS's total debt grew from AED 17.8 Bn in 4Q24 to AED 18.0 Bn in 1Q25. Net debt to EBITDA marginally grew from 3.3x in 4Q24 to 3.4x in 1Q25.
- The Company spent AED 954 Mn in capex in 1Q25, primarily focused on infrastructure in economic cities, Khalifa port, offshore vessels, and dry docks.
- Recorded a negative free cash flow to the firm of AED 173 Mn in 1Q25; however, it intends to generate positive free cash flow starting in 2026.



1Q25 Net Profit in line with our estimate

AD Ports Group (ADPORTS /The Company) net profit rose 10.8% YOY to AED 348 Mn in 1Q25, in line with our estimate of AED 351 Mn. The strong growth in net profit is primarily driven by higher revenues and EBITDA coupled with lower G&A expenses and higher finance income, partially offset by increase in direct costs, S&M expenses, and finance cost.

P&L Highlights

ADPORTS's revenue increased 18.2% YOY to AED 4,597 Mn in 1Q25, primarily driven by strong double-digit revenue expansion across the Ports, EC & FZ, and Maritime & Shipping segments. ADPORTS experienced notable growth in volumes and yield across its core businesses, fueled by capacity expansion, new service introductions, and market share gains, despite concerns over US tariffs. Maritime & Shipping segment revenue grew 29.5% YOY to AED 2,276 Mn in 1Q25. The Maritime & Shipping Cluster accounted for the highest share in revenue and EBITDA, representing 49.5% and 42.2% of the total revenue and EBITDA, respectively, in 1Q25. EC & FZ recorded a 13.9% YOY increase in revenue, reaching AED 525 Mn in 1Q25, supported by higher contributions from the Sdeira Group and rising land leasing revenue. The Ports Cluster revenue grew 24.5% YOY to AED 703 Mn in 1Q25, mainly due to increased general cargo volumes and Ro-Ro business. The Container capacity utilization rates rose from 55% in 1Q24 to 58% in 1Q25. The Container volume rose 26% YOY to 1.7 Mn TEUs in 1Q25. Cluster Ro-Ro volumes grew 16% YOY to 356K, and general cargo volumes rose 10% YOY and 10% LFL to 14.7 Mn tons in 1Q25. The Logistics segment experienced modest growth, with revenue increasing from AED 1,081 Mn in 1Q24 to AED 1,099 Mn in 1Q25, driven by gains in air and ocean freight forwarding and warehousing, though partially offset by a decline in revenue from polymer.

Stock Information

Market Cap (AED, Mn)	19,952.80
Paid Up Capital (Mn)	5,090.00
52 Week High	5.57
52 Week Low	3.72
3M Avg. daily value (AED)	7,374,331

1Q25 Result Review (AED, Mn)

Total Assets	64,492
Total Liabilities	36,300
Total Equity	28,192
EBITDA	1,136
Net Profit	348

Financial Ratios

Dividend Yield (12m)	N/A
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	13.78
Price-to-Book Ratio (x)	0.86
Book Value (AED)	4.57
Return-on Equity (%)	6.18

Stock Performance

5 Days	-1.26%
1 Months	-2.97%
3 Months	-18.33%
6 Months	-25.33%
1 Year	-27.14%
Month to Date (MTD%)	-1.26%
Quarter to Date (QTD%)	-9.68%
Year to Date (YTD%)	-22.99%

driven by gains in air and ocean freight forwarding and warehousing, though partially offset by a decline in revenue from polymer. In contrast, Digital cluster revenue fell 15.9% YOY to AED 127 Mn in 1Q25. Direct costs grew 23.8% YOY to AED 3,421 Mn in 1Q25. Gross profit rose slightly from AED 1,124 Mn in 1Q24 to AED 1,175 Mn in 1Q25, though gross margins narrowed from 28.9% in 1Q24 to 25.6% in 1Q25. G&A expenses declined 2.8% YOY to AED 527 Mn in 1Q25. The Company recorded impairments on trade receivables of AED 28 Mn in 1Q25 compared to an impairment of AED 11 Mn in 1Q24. Selling and marketing expenses increased from AED 11 Mn in 1Q24 to AED 16 Mn in 1Q25. Other income increased from AED 0.2 Mn in 1Q24 to AED 47 Mn in 1Q25. As a result, the EBIT grew 16.2% YOY to AED 652 Mn in 1Q25. The Company's EBITDA rose from AED 1,039 Mn in 1Q24 to AED 1,136 Mn in 1Q25, while the EBITDA margin fell from 26.7% in 1Q24 to 24.7% 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. The Logistics segment's EBITDA decreased from AED 93 Mn in 1Q24 to AED 43 Mn in 1Q25, impacted by the commercial settlement charge and the reclassification of Sese Autologistics. Port cluster EBITDA grew from AED 249 Mn in 1Q24 to AED 292 Mn in 1Q25. EC & FZ EBITDA rose 6.8% YOY to AED 326 Mn in 1Q25, while Digital Cluster EBITDA fell 20.5% YOY to AED 75 Mn in 1Q25. Finance costs rose from AED 207 Mn in 1Q24 to AED 249 Mn in 1Q25. Finance income grew from AED 16 Mn in 1Q24 to AED 20 Mn in 1Q25. Share of profit from joint ventures reached AED 16 Mn in 1Q25 compared to AED 22 Mn in 1Q24. The Company's income tax expense declined from AED 62 Mn in 1Q24 to AED 51 Mn in 1Q25, primarily due to deferred taxes and changes in qualifying income following the UAE tax rate increase from 9% to 15%. Share to NCI increased from AED 86 Mn in 1Q24 to AED 116 Mn in 1Q25.

Balance Sheet Highlights

ADPORTS's total debt grew from AED 17.8 Bn in 4Q24 to AED 18.0 Bn in 1Q25. Net debt (excluding project payables) grew from AED 15.1 Bn in 4Q24 to AED 15.6 Bn in 1Q25. Net debt to EBITDA marginally grew from 3.3x in 4Q24 to 3.4x in 1Q25. Cash and cash equivalents declined from AED 2.8 Bn in 4Q24 to AED 2.4 Bn in 1Q25. Cash flow from operations reached at AED 725 Mn in 1Q25, compared to AED 781 Mn in 1Q24, mainly driven by unfavorable changes in working capital, owing to the delay in the timing of collections. The Company spent AED 954 Mn in capex in 1Q25, primarily focused on infrastructure in economic cities, Khalifa port, offshore vessels, and dry docks. Additionally, the Company recorded a negative free cash flow to the firm of AED 173 Mn in 1Q25 compared to negative AED 2,009 Mn in 1Q24, primarily attributable to the working capital impact.

Target Price and Rating

We maintain our BUY rating on ADORTS with a revised target price of AED 7.00. The Company's stock price declined 5.3% since our last rating (March 2025). ADPORTS recorded strong growth driven by a rise in revenue and EBITDA, supported by the successful contributions from M&A in 1Q25. ADPORTS's recent acquisitions added AED 406 Mn in revenue and AED 95 Mn in EBITDA during 1Q25. The Company recorded robust performance across the Ports, Maritime and the EC& FZ in 1Q25. In the Ports segment, the Company achieved strong volume growth across general cargo, Container volume, and Ro-Ro business. The Company also advanced its Port business through the commencement of operations at Luanda Port in Angola, the launch of Al Faya Dry Port near Dubai to strengthen inland container handling, and the establishment of strategic joint ventures and long-term lease agreements at key international locations such as Kuryk Port in Kazakhstan and Pointe Noire in the Republic of Congo further enhancing its global presence and cargo handling capacity. The Company maintains a well-balanced portfolio across its Maritime sector. In the Maritime & Shipping segment, ADPORTS strengthened its business by forming strategic joint ventures such as a 50% JV with Columbia Group to enhance third-party vessel operations through AI-driven fleet management and predictive maintenance, and a 70% JV with ASRY to provide marine services in Bahrain. The Company also launched a joint venture United Global Ro-Ro, in partnership with Noatum Maritime and Erkport, to support global Ro-Ro and vehicle transportation. Furthermore, ADPORTS expanded its EC&FZ segment by signing several long-term land lease agreements, including a 50-year lease with Al Ain Mills for a large-scale grain storage and processing facility at Khalifa Port South Quay, and additional leases in KEZAD for sustainable polymer manufacturing, food industry development, and metal storage solutions strengthening its role as a hub for industrial and economic growth. In the Logistics segment, air freight volumes increased 40% YOY to 18,848 tons, whereas ocean freight volume declined 7% to 91K TEUs in 1Q25. In 1Q25, the Company enhanced its Logistics segment by securing a contract to manage

and operate the 1.3 Mn sqm Al Madouneh Customs Centre in Jordan. These strategic developments across the segments are expected to drive future revenue growth by expanding operational capacity, enhancing service offerings, and tapping into new regional and international markets. Furthermore, the Company's revenue and EBITDA outlook remains unchanged, with both expected to grow at a CAGR of 10–15% from 2024 to 2029. The Company also expects Capex to range between AED 3.5-4 Bn in 2025 and 2026. ADPORTS maintained a strong financial position with a net debt/EBITDA of 3.4x with a cash balance of AED 2.4 Bn in 1Q25, offering liquidity and growth. The Company reported a negative free cash flow to the firm of AED 173 Mn in 1Q25. However, the Company aims to generate positive free cash flow starting in 2026, positioning itself for potential dividend distributions. Considering all these factors, we maintain our BUY rating on the stock.

AD PORTS - Relative valuation

(at CMP)	2022	2023	2024	2025F
PE	16.1	18.7	14.7	14.0
PB	1.0	1.0	0.9	0.8
EV/EBITDA	12.0	10.0	7.2	5.7

FABS Estimates & Co Data

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

AD PORTS – P&L

AED Mn	1Q24	4Q24	1Q25	1Q25F	Var	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	3,888	4,560	4,597	4,687	-1.9%	18.2%	0.8%	17,286	19,293	11.6%
Direct costs	-2,764	-3,368	-3,421	-3,389	0.9%	23.8%	1.6%	-12,344	-13,752	11.4%
Gross profit	1,124	1,192	1,175	1,297	-9.4%	4.6%	-1.4%	4,942	5,541	12.1%
G&A expenses	-542	-531	-527	-586	-10.1%	-2.8%	-0.7%	-2,109	-2,354	11.6%
Impairment of Trade Rec	-11	-63	-28	-56	-50.4%	NM	-55.8%	-186	-215	15.5%
Selling & mkt expenses	-11	-37	-16	-19	-15.6%	45.6%	-57.5%	-73	-96	32.9%
Other income	0	288	47	135	NM	NM	NM	315	382	21.2%
EBITDA	1,039	1,188	1,136	1,261	-9.9%	9.3%	-4.4%	4,509	5,212	15.6%
EBIT	561	850	652	772	-15.5%	16.2%	-23.3%	2,889	3,257	12.7%
Finance cost	-207	-257	-249	-295	-15.8%	20.0%	-3.1%	-1,010	-1,181	17.0%
Financial income	16	4	20	14	43.0%	23.3%	NM	54	83	53.3%
FV loss / gain on invt FVTPL	-2	-7	-1	0	NM	-33.5%	NM	-15	-1	NM
Share of profit from assoc	16	3	8	6	30.0%	-48.4%	NM	25	27	10.0%
Share of profit from JV	22	26	16	22	-28.4%	-28.0%	-40.2%	86	87	1.3%
Profit before tax	462	640	515	518	-0.7%	11.5%	-19.6%	2,042	2,272	11.3%
Income tax	-62	-84	-51	-70	-26.9%	-16.9%	-39.2%	-264	-341	29.1%
Profit after Tax	400	556	464	448	3.4%	15.8%	-16.6%	1,778	1,932	8.6%
Non-controlling int.	86	111	116	97	19.0%	34.2%	4.7%	448	500	11.6%
Net Profit	314	445	348	351	-1.0%	10.8%	-21.9%	1,330	1,432	7.6%

FABS estimate & Co Data

AD PORTS - Margins

	1Q24	4Q24	1Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	28.9%	26.1%	25.6%	-334	-57	28.6%	28.7%	13
EBITDA	26.7%	26.0%	24.7%	-203	-134	26.1%	27.0%	93
Operating Profit	14.4%	18.6%	14.2%	-25	-445	16.7%	16.9%	17
Net Profit	8.1%	9.8%	7.6%	-51	-220	7.7%	7.4%	-27

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 approx. 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)			3.92
Upside/Downside (%)			+79%

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 7.7%. 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)	9,402
Terminal value (AED, Mn)	47,172
Firm Value	56,573
Net Debt as of Mar 2025	19,137
Non-controlling Interest	4,917
Valuation of ownership of Aramex & NMDC	3,023
FV to Common shareholders (AED, Mn)	35,542
No. of share (Mn)	5,078
Current Market Price (AED)	3.92
Fair Value per share (AED)	7.00

DCF Method

(All Figures in AED Mn)	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
EBIT * (1-tax rate)	2,769	3,159	3,561	3,770	4,206	4,611
D&A	1,955	2,056	2,138	2,197	2,241	2,282
(-) Capex	-3,900	-3,850	-2,800	-2,150	-1,940	-1,630
(-) Change in working capital	-1,194	-628	-736	-1,333	-679	-1,303
Free Cash Flow to Firm (FCFF)	-278	737	2,163	2,483	3,827	3,960
Discounting Factor	0.95	0.89	0.82	0.76	0.71	0.66
Discounted FCFF	-265	654	1,781	1,899	2,719	2,613

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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