FAB SECURITIES أبوظبي الأول للأوراق المالية

Earnings Call Insight | 2Q25

UAE Equity Research | Sector: Industrials | Market: ADX

Abu Dhabi Ports Company

Current Price	Target Price	Upside/Downside (%)	Rating
AED 4.20	AED 7.00	+67%	BUY

2Q25 Net Profit lower than our estimate

- ADPORTS revenue increased 15.4% YOY to AED 4,826 Mn in 2Q25, primarily driven by robust double-digit growth across the Ports, Digital, EC&FZ and Maritime & Shipping clusters. On an LFL basis, excluding the impact of M&A contribution, ADPORTS revenue grew 10% YOY in 2Q25.
- Ports segment revenue rose from AED 563 Mn in 2Q24 to AED 736 Mn in 2Q25, and 28% YOY on a like-for-like 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 a 51% YOY rise in Warehouse Leases, 33% YOY growth in Sdeira Group Leased Beds, and an 8% YOY increase in Land Lease revenues.
- Maritime & Shipping segment revenue rose 19.9% YOY to AED 2,360 Mn in 2Q25, contributing 48.9% of Group revenue in 2Q25. The segment revenue was driven by strong gains in Marine Services (+37% YOY) and Shipping (+30% YOY), while Offshore and Subsea revenue fell 2% YOY 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, and EBITDA rose 33.8% YOY to AED 67 Mn in 2Q25, supported by a combination of external projects under Dubai Technologies, single-window service offerings, and Nishan’s security services.
- ADPORTS total EBITDA rose 9.2% YOY to AED 1,169 Mn in 2Q25, driven by the robust performance of all the segments, including EC&FZ, Maritime & Shipping, Ports, Logistics and Digital clusters segment.
- EC&FZ EBITDA increased 28.6% YOY to AED 331 Mn in 2Q25 with EBITDA margin improving from 54.7% in 2Q24 to 59.6% in 2Q25.
- Maritime EBITDA rose from AED 534 Mn in 2Q24 to AED 575 Mn in 2Q25, whereas EBITDA margin fell from 26.8% in 2Q24 to 24.3% in 2Q25. Segment margins were affected by reduced Offshore & Subsea profitability from vessel drydocking, lower container feeder shipping rates, and higher costs tied to launching the new Ro-Ro shipping business.
- Ports segment EBITDA grew 29.3% YOY to AED 304 Mn in 2Q25.
- While the logistics segment recorded an EBITDA of AED 37 Mn in 2Q25 compared to AED 96 Mn in 2Q24, primarily impacted by weaker Polymer business performance, lower ocean freight rates, and the transfer of Sesé Autologistics to the Ports cluster from 1Q25.
- Profit before tax rose 5.1% YOY to AED 519 Mn, whereas profit after tax increased marginally 1.4% YOY to AED 445 Mn in 2Q25. The Company recorded a tax expense of AED 74 Mn in 2Q25 compared to AED 55 Mn in 2Q24.
- Net profit attributable to NCI rose from AED 106 Mn in 2Q24 to AED 124 Mn in 2Q25.

Earnings Call Summary

- Total debt stood at AED 18.6 Bn in 2Q25, slightly higher than AED 17.8 Bn in 4Q24. While net leverage stood at 4.1x in 1H25.
- Generated positive free cash flow to the firm in both 2Q25 and YTD 2025, a key milestone achieved through improved operating cash flows, efficient capex deployment, and disciplined working capital management.

- Operating cash flow 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, highlighting the improved earnings quality.
- Capex declined 21% YOY to AED 928 Mn in 2Q25, bringing the YTD spend to AED 1.9 Bn in 1H25, aligned with full-year guidance of AED 3.5-4.0 Bn for 2025, ensuring a balance between growth and cash generation.
- Nearly half of YTD 2025 capex was invested in infrastructure, with significant port projects in Egypt, Pakistan, Congo, and Angola set to accelerate spend in the coming quarters.
- M&A activities contributed AED 625 Mn, representing 7% of AD Ports' total revenue in the 1H25.
- The balance sheet remains robust with AED 2.9 Bn in cash and AED 5.4 Bn in undrawn credit facilities, providing significant flexibility for both ongoing operations and strategic investments.
- Maintained its solid investment-grade credit rating with no debt maturities in 2025 or 2026.
- Abu Dhabi's non-oil foreign trade rose 35% YOY in 1H25 to AED 195 Bn, significantly outpacing UAE national growth of 24% and global trade growth of 1.75%, benefiting port and logistics activities.
- The Group capitalised on Comprehensive Economic Partnership Agreements, with 28 signed and 10 implemented to date, including new agreements with Jordan and Serbia during Q2 2025, bolstering cross-border trade flows.
- Established a 5% global market share in RORO port operations, handling c. 1.5 Mn vehicles in 2Q25 (LTM), supported by long-term contracts and investment in specialised vessels.
- Increased port network capacity to 11.8 Mn TEUs, handling 6.9 Mn TEUs in the past 12 months, reinforcing its position among the top global port operators.
- General cargo volumes reached 59.1 Mn tonnes over the past 12 months, reflecting the company's ability to serve diversified cargo demand across industrial, bulk, and project shipments.
- Signed 1.6 km² of new land leases in its economic zones during 2Q25, bringing the total leased area to 72 km², supporting manufacturing and logistics sector growth.
- Delivered 23 Mn MMBTU of gas volumes over the past 12 months, supporting industrial clients with secure and efficient energy supply chains.
- The 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 end-to-end logistics solutions.
- Over the past 12 months, AD Ports handled 4.7 Mn tonnes of polymers, over 43K tonnes of air freight, and 387K TEUs of ocean freight, enhancing multimodal service offerings.
- Based on 2024 volumes, AD Ports rose two positions to become the 19th largest global port operator, with expectations to climb to 18th by the end of 2025.
- Benefiting from trade rerouting caused by US-China tariffs, as cargo volumes shift to the UAE and Southeast Asia, strengthening transshipment and regional hub roles.
- Regional conflicts, shifting trade patterns, and tariff changes are increasing supply chain complexity, pushing shippers toward regionalised supply chains where AD Ports plays a key role.
- Multiple ongoing overseas developments, such as East Port Said in Egypt and the Safaga port project.
- EC&FZ secured four new 50-year land lease agreements in renewable energy, recycling, F&B, and green logistics, unlocking a total of AED 645 Mn in planned investments.
- **Guidance:**
  - ADPORTS medium-term guidance remains unchanged, with revenue growth by 10-15% CAGR and Profit Before Tax by 15% CAGR between 2024 and 2029.
  - 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, supported by stronger margins in the Ports, EC&FZ, and Digital clusters, with medium-term EBITDA margins projected to remain in the 25–30% range.
  - While Ports, EC&FZ, and Digital clusters will underpin margin strength, Maritime & Shipping and Logistics clusters are expected to yield comparatively lower margins over the guidance period.

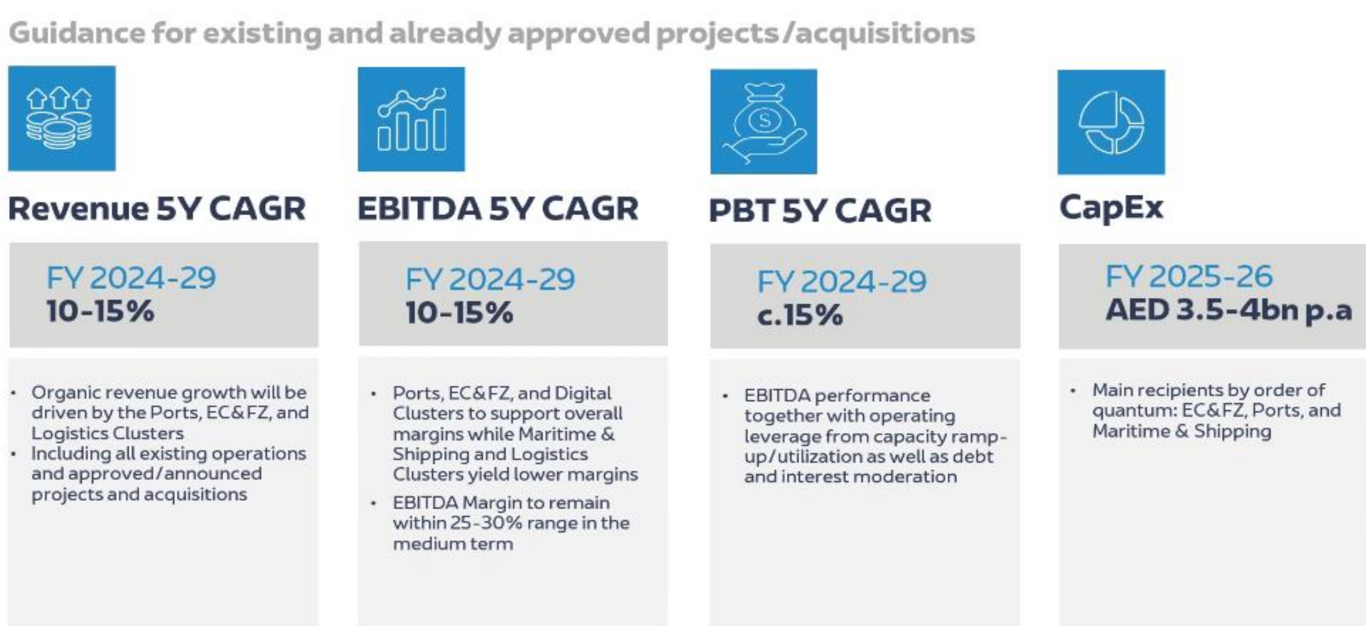
- ADPORTS anticipates its effective tax rate for the whole year to be around 13% to 14%. However, the tax rate could fluctuate due to deferred taxes recorded later in the year.

ADPORTS – P&L

AED Mn	2Q24	1Q25	2Q25	2Q25F	Var.	YOY Ch	QOQ Ch
Revenue	4,181	4,597	4,826	5,002	-3.5%	15.4%	5.0%
Operating costs	-2,950	-3,421	-3,494	-3,736	-6.5%	18.5%	2.1%
Gross profit	**1,231**	**1,175**	**1,332**	**1,266**	5.2%	**8.2%**	**13.3%**
EBITDA	**1,070**	**1,136**	**1,169**	**1,241**	**-5.8%**	**9.2%**	**2.9%**
Profit before tax	**493**	**515**	**519**	**535**	-3.2%	**5.1%**	**0.8%**
Income tax expense	-55	-51	-74	-80	-8.1%	34.8%	44.3%
Net profit for the period	**439**	**464**	**445**	**455**	**-2.3%**	**1.4%**	**-4.0%**
NCI	106	116	124	112	11.2%	16.7%	7.1%
Profit attributable to equity holders	**333**	**348**	**321**	**344**	-6.7%	**-3.5%**	**-7.7%**

FABS estimate & Co Data

Guidance



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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