

Abu Dhabi Ports Company

Current Price
AED 5.34
Target Price
AED 7.70
Upside/Downside (%)
+44%
Rating
BUY

3Q24 Net Profit lower than our estimate

- ADPORTS net revenue rose 10.0% YOY to AED 4,657 Mn in 3Q24, driven by significant growth in the Ports, Logistics, Economic cities and free zones (EC & FZ), and Digital cluster segment partially offset by a decline in the Maritime and Shipping segment revenue.
- Maritime Services revenue declined 10.8% YOY to AED 2,179 Mn in 3Q24 attributable to the positive one-off effect of vessel trading activities in 3Q23.
- EC & FZ revenue grew 15.9% YOY to AED 512 Mn in 3Q24, mainly driven by higher utilization in the Warehouse and KEZAD Communities despite capacity additions in 3Q24.
- Ports Cluster revenue grew from AED 487 Mn in 3Q23 to AED 603 Mn in 3Q24, underpinned by strong performance in general cargo, container concession fees in the UAE, and international container operations.
- Revenue from the Logistics segment rose from AED 853 Mn in 3Q23 to AED 1,265 Mn in 3Q24, driven by Ocean Freight, Air Freight, Warehousing, and Polymer business coupled with acquisition of Sese Auto Logistics.
- Digital cluster revenue grew from AED 100 Mn in 3Q23 to AED 162 Mn in 3Q24 mainly driven by an increase in services to international stakeholders as well as Nishan security services
- ADPORTS's gross profit increased 11.2% YOY to AED 1,230 Mn in 3Q24 while the gross profit margin improved 30 bps YOY to 26.4% in 3Q24.
- EBITDA grew 59.7% YOY to AED 1,212 Mn in 3Q24 driven by the growth in all segments coupled with benefit from M&A.
- Maritime EBITDA grew from AED 318 Mn in 3Q23 to AED 612 Mn in 3Q24 while the logistics segment recorded an EBITDA of AED 92 Mn in 3Q24 up from AED 66 Mn in 3Q23.
- Ports Cluster EBITDA grew 6.3% YOY to AED 287 Mn, while EC & FZ EBITDA rose 9.5% YOY to AED 304 Mn in 3Q24. Similarly, Digital Cluster EBITDA rose 2.7% YOY to AED 48 Mn in 3Q24.
- Finance costs grew from AED 199 Mn in 3Q23 to AED 310 Mn in 3Q24.
- ADPORTS acquired 70.0% stake in Safina in 3Q24, an Egypt based cargo services and maritime agency provider.

Earnings Call Summary

- AD Ports refinanced its bridge facility from AED 8.2 Bn with two new facilities totaling AED 10.2 Bn at lower rates and extended the maturity beyond FY2026. Out of the total debt of AED 17.9 Bn, AED 14 Bn is borrowed at a floating rate that will benefit the Company after rate cuts.
- The Company has an unutilized credit facility of AED 1 Bn as of 3Q24.
- Allocated higher capex for infrastructure business including ports, EC & FZ, and maritime & shipping in 3Q24.
- Red Sea disruptions led to a positive impact on the business. Besides, the disruptions are likely to continue until FY2024 and FY2025. ADPORTS continues to increase its number of containers in the Red Sea to benefit from higher freight rates.
- AD Ports is focused on expanding its ecosystem in Egypt via the acquisition of Safina in 3Q24.
- The Company's container volumes accounted for 87.0% of the total container throughput in 3Q24.
- Khalifa Port recorded the all-time high utilization rate of 76% in 3Q24.
- AD Ports expects net new land leases of 3.5-4.0 square kilometre per year in the economic cities.

- Warehouse utilization stood strong at 92% in 3Q24 despite capacity additions while the KESAD Community utilization stood at 64%.
- ADPORTS possesses 250,000 square meter of additional warehouse capacity under construction that will be commissioned by the end of FY2025.
- UAE and Europe's revenue accounted for 65% and 20% of the total revenue, respectively in 3Q24. Additionally, the revenue from M&A activities accounted for AED 4.6 Bn of total YTD revenue .
- Majority of the capex in the upcoming period will be incurred on expanding ports in Egypt, Pakistan, Congo, and Angola.
- The increase in the share of profit attributable to non-controlling interest holders is attributable to the acquisition of GFS earlier in FY2024.

AD PORTS - P&L

AED mn	3Q23	2Q24	3Q24	3Q24F	Var.	YOY Ch	QOQ Ch
Revenues	4,235	4,181	4,657	4,348	7.1%	10.0%	11.4%
Direct Cost	-3,129	-2,950	-3,263	-3,065	6.5%	4.3%	10.6%
Gross Profit	1,106	1,231	1,230	1,230	0.0%	11.2%	-0.1%
General and administrative expenses	-467	-491	-545	-565	-3.6%	16.8%	11.0%
Selling and marketing expenses	-14	-15	-9	-17	-46.0%	-32.6%	-37.8%
EBITDA	759	1,070	1,212	1,114	8.8%	59.7%	13.3%
EBIT	579	689	626	625	0.0%	8.0%	-9.3%
Finance cost	-199	-236	-310	-283	9.7%	55.8%	31.7%
Financial income	11	19	15	16	-9.5%	34.4%	-22.1%
Profit Before Tax	464	503	566	566	0.0%	21.9%	12.5%
Income Tax	-62	-55	-64	-60	6.2%	3.2%	16.2%
Profit After Tax	403	439	445	419	6.2%	10.6%	1.5%
Non-controlling interest	22	106	145	101	43.8%	NM	36.4%
Net profit	381	333	301	319	-5.7%	-21.1%	-9.6%

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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