AD Ports Group Q4 & 2024 Earnings Call

Monday, 17 February 2025

Moderator: Hello. Good evening, ladies and gentlemen. This is Ahmed Hashem from EFG Hermes speaking, and we'd like to welcome you all to today's fourth quarter and full year results conference call for Abu Dhabi Ports Group. With us on the line today are the usual speakers, Mr. Martin Aarup, Chief Financial Officer of AD Ports Group, and Mr. Ross Thompson, Chief Strategy Officer, and Marc Hammoud, VP of IR. First off, I'd like to thank the management team for having us source this call again.

And without further delay, Marc, the line is yours.

Marc: Thank you, Ahmed. Good morning, good afternoon, everyone. Welcome to our Q4 and full year 2024 earnings presentation earnings call. And I will kick off the presentation with the key messages, and I'll start with the message on this slide, which is high level and forward-looking. For those who have been following us over the past couple of years, you know that we've been building up strong foundations in maritime and shipping and logistics. And in 2024, we started to shift again on infrastructure business, securing new concessions and brownfield operations. And obviously, we inaugurated the big project we've been developing for the past three years in Abu Dhabi, the CMA terminal of Khalifa port.

2024 saw strong growth, with improved cash generation and strengthened balance sheet. In 2025, we are well-positioned to turn the ongoing uncertainty and challenges into opportunities, given our strong foundation and positioning geographically and service wise. The first message on this slide is that we continue to leverage the UAE top down story. And we mentioned three data points here, nonoil GDP growth of close to 6% in the nine month of 2024, the fact that the UAE nonoil trade exceeded 1.3 trillion in each 2024, which translate into 11% growth year on year. and five new CEPAs, comprehensive economic partnership agreements agreed on or signed in Q4 2024. We remain a growth story. And I think the full year numbers in 2024 attest that revenue growth of 48% to 17.33 billion Dirham, 22% growth on a like for like basis. EBITDA also improved drastically, 69% growth to 4.5 billion Dirham, 29% growth on a like for like basis, with an improvement in EBITDA margin at 26.1% versus 22.8% in 2023, and finally, total net profit of over 30% to 1.8 billion Dirham.

So no major acquisition announced in 2024. The focus was on leveraging the integration of Noatum and GFS, and securing, as I said, some port assets, Greenfield and Brownfield. And as I mentioned, the CMA terminals, Khalifa port has started operations at the beginning of this year, adding, in total, 33% to Khalifa port existing container capacity. So it's a major, major development for Abu Dhabi Khalifa port. Capex, we saw a drop for the third consecutive year to 4.1 billion in 2024, down from 4.7 billion in 2023, with 60% of it spent on infrastructure projects, whether port assets or ECFZ assets. Capital allocation will strategically shift towards infrastructure assets in the mission as indicated earlier, and we have updated our capex guidance 3.5 billion, 4 billion Dirham for this year and next year, which would basically be a continued decline on the historical capex spending.

balance sheet deleveraging has continued throughout 2024 to reach 3.3 times net debt to EBITDA at the end of the year, down from 4.4 times at the end of 2023, and 3.5 times as of nine month 2024. In Q4, we even saw a drop in total debt for this first time since listing. We ended the year with 2.9 billion Dirham in cash, and we had 8.8 billion Dirham of undrawn bank facilities.

In December, we got a new credit rating by Moody's of A1, with an outlook stable, which reinforce our strategy in terms of balance sheet management, of keeping our investment rate.

Last point and key message, we have an increasingly balanced maritime and shipping cluster. We have lower revenue contribution from shipping despite the strong performance, and we'll come to that later on, that we had in in 2024, while we have increased contribution from contracted business in offshore and subsea and in marine services. The end of Red Sea disruption is not a done deal. We say that in the earnings release. The narrative is changing on a weekly basis, and we could see some surprises, which are creating some uncertainty going forward. And finally, it's unlikely that we are impacted by the US tariffs, because we're simply not exposed to the east-west global trade lanes and specifically to the China-US trade.

Resilient growth equity story that continues. I think one key point in this slide is the cash flow generation. The cash flow generation has become, I think, a key pillar in the investment case. We increased cash flow from operation almost threefold in 2024 to 3.9 billion Dirham. We had 87% cash conversion, and we had two quarterly performance of free cash flow to the firm positive. We still guiding for a free cash flow positive in a sustainable way, positive, and from ‘26 onwards, which should pave the way for dividend payments and improve total shareholder return.

No major changes to this slide, no changes to the ownership, no changes in foreign institutional participation, which has been hovering around 9% throughout 2024. Oh, this is an interesting slide. So despite the 18% correction in the stock price, we're still up 59% since the listing. We have improved stock liquidity to $2.77 million based on the six month average daily traded value. And on the right-hand side, you can see the disconnect between our financial performance measured by the EBITDA growth and the stock price performance. You can see that in Q3 and Q4, the stock price performance stabilized, but remains completely disconnected from our financial performance and the growth we delivered in 2024.

Five vertically integrated clusters were still organized around ports, economic cities and free zone maritime and shipping, logistics and digital clusters. The contribution in 2024 is dominated by the maritime and shipping, with a 42% EBITDA contribution, but the infra business is gradually regaining with 47% contribution and with, as I said, this CMA terminal, container terminal in Khalifa port, and the various projects secured in 2024. You can expect the infra business to continue to gain weight within this ecosystem. The same picture would be depicted based on assets and capex, although, as I said, 60% of the capex in 2024 has been invested in the infra business.

This is our presence and reach at the end of 2024 looks like. As you can see, we're apart from the green dots, which represents our global logistic platform, we very much focused on the

Middle East, Africa, Indian subcontinent, Southeast Asia and the Met region. This is an updated slide on the scale of our operations and how it changed drastically over the past three years. You can see whether it's the ports, economic city and free zone, maritime and shipping and logistics, we've done a big lip in terms of size of operations domestically and internationally.

And over to you, Ross, if you're ready.

Ross

Yeah, hi, Marc. Yeah, I'm ready. Okay, so if you can move to Slide 16 for me, good afternoon, everyone. So I'll start the presentation about market outlook, a little bit focused on the maritime sector. The maritime sector tends to take a lot of interest around how much exposure that it has to particularly the pricing, but also the geopolitical issues that we have in the world right now. To set the market context, what we can say is in 2024 and it continues in 2025, but the market, the supply chain, market on a global scale, is still characterized by having significant challenges for global importers and exporters. And those challenges are trade wars and tariffs, the decoupling of China and the US, the redirection of China's trade from North America to some of China's trade from North America to Southeast Asia, and the southern hemisphere, with the BRICS trading block. You have the geopolitical influences around the world and the conflicts that are happening, particularly in our region, in the upper Gulf, with the Gaza conflict, you still have issues in the Red Sea, with lines choosing not to transit through the Red Sea still, and all of these issues, of course, different congestion, different exposures and different regions, and particularly for our maritime division, which tends to be the first cluster who can react, because it's ultimately a fungible asset and it can move, but also tends to be the most exposed to these things. However, what this slide demonstrates is, in our shipping cluster, we have a very favorable outlook, because we are not exposed in simply one aspect of maritime. We're very strong across different sectors of the maritime and that gives us a balanced portfolio. So, for example, if we feel rate pressure on the container side and the bulk, the offshore and subsea market is incredibly strong and will be incredibly strong for the next five years. So we're trying to invest on a balanced perspective. We need these services. I think the map that Marc showed you, which is on slide 13, demonstrates how our maritime capability links our infrastructure business around the world. It creates hubs and creates Abu Dhabi as the center of our service network, of our maritime and our logistics network. But it really, it really adds value to our infrastructure business by driving volume and services through the infrastructure business.

So just to touch on, on the end of ‘24 and outlook for 25. I think, in containers in this region and on a global basis, we still see relatively strong and positive demand. The global market in 2024 grew just over 4.4% in the container sector, and also positive of plus 3% in the bulk sector, which we're heavily involved in. In terms of RORO, we had robust demand through 2024, and we invested in our first joint venture with a company called ERK to move vehicles from Turkey into this region as far as North America.

Next slide please, Marc. In terms of global freight rates, what we're seeing is they can be impacted both positively and negatively, both on the global scale and in each individual region on a marketing scale. On the left-hand side of this slide, you see what negatively impacts freight rates, and on the right-hand side, what can positively impact the freight rates. What's maybe not in this slide is also there is cyclicality across the year, particularly in containers. Tends to be the second quarter, and the beginning of the third quarter tend to be strongest globally. And then the fourth quarter tends to weaken slightly. That's because pre-Christmas rush of products, or peak seasons as it would be called, and also, depending on where Lunar New Year is going to fall within the year. What we're seeing in terms of container freight rates, in November and December, we saw some seasonal slowdown in our region, particularly in the Red Sea. That was more to do with the introduction of local competitors bringing down the market. We've seen that pressure, that short-term pressure pass, and at the beginning this year, freight rates of remained relatively stable. We see the first quarter and into the second quarter. It's difficult to look further in advance. It depends what happened with the peace talks as we have now, and what happens with the Gaza peace process. But as we look forward, I think that we don't see much change in the market in quarter one, into quarter two, potential changes coming in quarter three and quarter four of next year.

Next slide, please, Marc. Yeah, just to reiterate, we do see a positive outlook. It was a positive outlook in 2024. I think that we've touched on the growth rates There are differences in growth rates around the world where a lot of our assets tend to be - Europe, Indian subcontinent, Middle East, Sub Saharan Africa. We're still seeing robust trade that's generally higher than the average. This is driven by stable government policies, government spending and growth in GDP.

Next slide please, Marc. Similar story, relatively speaking, in terms of containers. You see the sort of quarter three decline in freight rates. Having said that, November and December, on a global scale, we saw a recovery as strong demand picked up, and that continues throughout the first months of 2025.

Next slide please, Marc. Bulk market, both on the dry and liquid again, remain relatively stable and relatively strong. We don't have so much exposure in this market. We're serving it through six bulk vessels, but those six are on long-term contracts, so we're relatively protected from any movement up and down in the indices.

Next slide, please, Marc. Global car trade declined slightly in ’24, particularly from the peak of the sort of post-COVID banks that we saw in ‘21 and ’22, huge volumes, historically high volumes in ‘21 and ‘22 for RORO vehicles. That softened, as global demand softens, and also we're seeing the impact of softening demand for electric vehicles, particularly coming from China in Europe, the introduction of tariffs also impacting that sector. But all in all, still in terms of volumes, very robust, as are grains and agriculture.

If you can move to slide 23. I think as Marc has pointed out, we concentrated this year on bringing the infrastructure assets that we've been developing over the last two to three years to market and commercializing those, and also integrating and restructuring our acquisitions, particularly our major acquisitions of Noatum, and I'll come on to the detail of that. But in quarter four of 2024, we inaugurated the CMA terminal in Kalifa port. The first key wall length is 800 meters. It is a state of the art port. It is actually one of the most green ports globally, drawing much of its daytime power from solar energy. It's one of the first terminals globally to be able to do that, and it's the first terminal in the region that's drawing its power all from renewable energy sources.

CMA have already indicated they would like to expand the terminal. We're working on an agreement as we speak. It's part of the original concession, but they may call for that as demand has outstripped capacity for the terminal. So they may call that in quarter, quarter one of this year. The second part was restructuring of Noatum. We kept Noatum for a period of time, largely outside of Abu Dhabi Ports Group. And I mean by that, that the phase one for us, in terms of integration, was the integration, the finances and the financial timings, the strategy and the governance. Phase one was completed early in the second half of 2024.We then moved on to phase two, which is a full integration, which meant that we divided the water map into our group, and I have a slide on that in after the next one.

Next slide please, Marc. Just to say our M&A is now positively impacting in the way that we forecasted that it would on our balance sheet. I think the headline of 19% of the revenue contribution, also 19% of the EBITDA contribution came from M&A in quarter 4 2024. I think that you're going to see the improvement of that as we go through 2025, particularly with some of the restructuring impacting the cost side of our business and improving the margins that we have in our, particularly our logistics sector, where we've increased the margin to an implied around 8% which benchmarks very, very well globally on a logistics scale.

Next slide, please, Marc. This side highlights the restructuring of Noatum. So our group, I think most of our investors will know, is split into five clusters. Our maritime cluster, our logistics cluster and our ports cluster were the three major clusters involved in the integration. Our international ports has been rebranded Noatum ports, and Noatum terminals, operated under one operational plan, one management team, so now that we've grown that as a pillar under our ports company, that now manages over 33 terminals globally, from Europe to North America to Pakistan. Sorry, not North America, North Africa, Pakistan, East and West Africa, too. In our maritime division, the ships agency and the maritime agency business was rebranded as Noatum Maritime. Noatum Maritime now the global international brand, which has brands like GFS, our shipping, our container shipping, arm and Transmar and Safeen, all come underneath that brand. Again, we're moving them all to one operating platform, one management team, and therefore, we have the focus and the dedication to really drive things forward. And then, last but not least, we fully integrated our logistics business under Noatum Logistics, again, the international brand of Noatum Logistics, there was a merger between Sesay [ph], which was an acquisition we did early in 2024, the logistics Middle East business, and Noatum Logistics itself and some of our newer acquisitions, the Noatum Car Gas and Angola, again, all under one operating platform, again, structured the management team, eliminated Corporate cost from the Noatum as a company, and now we're seeing the cost benefits of that going forward. So now the group structured back into its five cluster model. All clusters have a CEO and a management team, an internal board. It reports into the corporate, the corporate responsible AD Ports Group, corporate responsible for strategic frameworks, objectives, financial performance, operations and day to day running of the businesses, with the clusters themselves, the five businesses, which gives us end to end maritime logistics capability to present to the market. And this is something that we see as a USP, and something that's driving growth both in terms of number of customers. We have a very, very strong CAGR in terms of our revenue and profitability growth from our top 20 customers, and we're onboarding new customers all the time. Also, this model also allows us to be incredibly successful when we talk to foreign governments, and a lot the infrastructure projects that we're winning is because of the end to end solution that we're able to bring and present to each government.

A good example of that, and I think we went through it in the last presentation, was our Egyptian strategy, our Pakistan strategy, where we started with singular assets, and now that we have a number of investments, and we're growing the ecosystem, and we've connected those countries, with far more markets than they were connected to previously. So we've added shipping markets to new markets for them, for existing markets to create more density within that, and this is how we really enable trade, and this is what the group is set up to do. But a very, very successful market. I would argue that we're probably the best in the market at taking opportunities with foreign governments, investing in infrastructure, bringing our group together, expanding the reach of those countries and increasing trade volume between those countries and new markets.

Next slide, please, Marc. Just a little expansion on the wanton [ph] ports footprint. I think that most of you know the footprint is growing again. We're quite successful and very successful in talking to foreign governments. These are where our brand brownfield investments have come from, Angola, Tanzania, Pakistan. It's all also where our Greenfield, Congo, Brazzaville has come from, Kazakhstan and Egypt. I think the announcement that last week that we've divested 49% of a greenfield in Congo Brazzaville to our partner, CMA Group, to derisk and bring committed volumes to a greenfield site, really securing up the business plan, really bringing additional volumes and trade and global connectivity to Congo Brazzaville demonstrates how the group is moving on and really commercializing its infrastructure assets ahead of potentially the original business case and business plan.

Next slide, please, Marc. Slide 27. Yeah, and I think just following on, I think that we are incredibly fortunate that we live in and work in a jurisdiction that is expanding its international strategy, signing CPAs and free trade agreements all across the globe, which only acts to increase the volume, the investment, and the trade between our nation and its trading partners. And what you've seen is a huge expansion of what is signed, a huge expansion of what has been agreed and what is under negotiation. And it really, really shows that the company has a huge opportunity, both in north-south trades and east-west trades, and it's why that we've built the group in the way that we have, in order to be able to invest infrastructure and trading partners in ports, in industrial areas and connect them with our logistics capability and our maritime capability, in order to offer services in these regions to connect the dots and drive trade.

Last slide, please, Marc. I think the beneficiary of that, and also an enabler of that, is our economic zones. And many of you are going to attend the capital markets day. I think it's a significant infrastructure development. It is very impressive when you see it firsthand. I mean, 80 square kilometers of industrial zone, but the economics don't remain aligned with the government initiative to expand and double the value of its manufacturing sector and its industrial sector by 2030, and significantly expand by 2050. We signed two leases in quarter four, Delman Group and Pipe Tech Solutions. But the level of interest in foreign investment into our economic zone remains incredibly strong, and we'll see the benefit of that in 2025.

With that, I'll hand over to Martin, but thank you very much.

Martin

Thank you, Ross. Marc, can you move on? Wonderful. Thank you. We're back on track. So again, to just reemphasize what was mentioned by Marc in the beginning, Q4 was financially a solid quarter. The revenue for the quarter increased by 28% year on year to 4.5 6 billion, slightly lower than the Q3 seasonal peak. EBITDA increased 127% year on year to 1.1 9 billion, and total net profit reached 494 million for the quarter, up 73% year on year. Q4 was supported by an extraordinary 195 million dividend from our 10% stake in NMDC, which was partly offset by 80 million negative impact from deferred income related to digital services, and 35 million of various prudent NG provisions, mainly in digital and logistics clusters.

Next slide. General cargo volumes were up 54% year on year in Q4, mainly supported by the addition of Karachi bulk terminal that we consolidated from Q1 of this year. The UAE volumes were resilient, particularly due to strong labor and high yield steel cargo. Our container volumes increased 26% year on year in Q4, with slight moderation in utilization to 64% versus the normal Q3 seasonal peak, mainly caused by UAE. No changes in overall mix in Q4, with 46% of container volumes being O&D, and 54% being transshipment. Very strong RORO volumes in Q4 up 32% versus Q3.

Next slide. In our economic cities, we inked around 700,000 square meters of new land leases in Q4, bringing the total for the full year to three square kilometers, 3% higher than 2023. The quarterly net was impacted By expiry of a number of short-term temporary leases. Close to 70% of all land leases are industrial and manufacturing related, and our guidance on average annual net new leases remains unchanged around 3.5 to 4 square kilometers. For our warehouses, we are virtually fully leased out, with overall utilization at 97% in Q4, in spite of new capacity coming on stream. With the very high demand for warehouses, we are increasing our stock, and we will have another 250,000 square meters of additional warehouse capacity coming on stream in the second half of 2025.

Next slide. Kisa communities utilization continued to increase with ramp up of new facilities, and stood at 67% by the end of Q4 based on a bed capacity of 139,000 beds. Gas volumes were up 14% year end year in Q4 reaching record level of 6 million MMBTU.

Next slide. In our maritime and shipping cluster, we operated 24 container feeder services in Q4, with a fleet of 46 vessels connecting 75 ports across 28 countries, slightly trimmed versus Q3 based on evolving market dynamics. Feeding container volumes were slightly down by some 2% for the quarter versus the peak in Q3. Around 31% of our feeder volumes across eight services came from the Red Sea in 2024.

Next slide. As in previous quarters, we continue to focus on creating a balanced logistic portfolio of maritime businesses with different market cycles, and to limit the business performance volatility. As of Q4, our total vessel fleet is close to 250 vessels, including 24 Balkan Robo vessels and 107 vessels deployed in our offshore and subsea segment. We also recently started dry docking services in Khalifa port within our marine services sub segment.

Next slide. In our logistics cluster, polymers volumes were up by 9% year on year in Q4 and even higher when compared with Q3 due to longer transit and packaging volumes for Borush. Air freight volumes were up 50% year on year for the quarter, driven by strong demand in retail and Ecommerce, as well as high tech components and benefiting from the ongoing disruptions in the ocean freight segment. Ocean freight was up 7% year on year in Q4, but stable versus Q3.

Next slide. In terms of our revenue, ports and economic cities were marginally high in Q4 versus Q3, whereas maritime logistics top line bar were marginally lower. No vessel trading revenue was booked in 2024. On our full year basis, total revenue increased 48% year on year, and on a like for like basis, excluding M&A contribution and vessel trading activities in 2023, revenue grew by 22% year on year. For the full year, economic cities recorded revenue growth of 11% year on year, mainly driven by warehouse leases, increased utilization in keyset communities and steady growth trajectory for our land leases. The port cluster revenue grew by 48% year on year, and 18% on a like for like basis. Strong performance from general cargo container concession fees in the UAE, including the commencement of fixed concession fee for the new CMA terminal, as well as international container operations in Spain and Pakistan. Maritime was up 28% year on year, and 16% on a like for like basis, with strong growth across all key sub segments, shipping offshore and subsea and marine services. The logistics cluster also delivered strong revenue performance with 142% year on year, top line growth and 44% on a like for like basis. Growth coming from a full year impact of Noatum and Cecil Logistics and healthy organic growth in ocean and air freight, as well as our polymer business for Borush. The digital cluster revenue grew by 25% year on year, and 10% on a like for like basis, mainly driven by the internal digital transformation and the acquisition effect of Dubai Technologies.

Next slide. In terms of geographical revenue distribution, 64% of revenue came from the UAE, with balance 36% from international operations, Europe being the largest contributor with 22%. It should be noted that we currently accounting all maritime assets as UAE based, although majorities operating in international waters. 5.5 billion, or 32% of 2024 revenue came from M&A activities spread across all clusters, with logistics and maritime taking the lion's share.

Next slide. Q4 EBITDA was up 127% year on year, but slightly down versus Q3 seasonal peak. Ports and economic cities continue to show steady growth quarter on quarter, whereas maritime and shipping was impacted by increased competition in the Red Sea, and 314 days of vessel dry docking in Q4 mainly for our offshore vessels. As previously mentioned, Q4 was supported by the extraordinary 195 million dividend from NMDC in the corporate segment, partly offset by 80 million negative impact from deferred income related to digital services and various India provisions of 35 million. Year on year maritime and shipping, relative share of EBITDA increased due to the consolidation of GFS and the positive impact coming from the Red Sea disruptions. With relatively higher capital allocated to our infrastructure business going forward, we will see ports, and economic cities be the majority contributors in terms of equity weighted EBITDA in the range of 50% to 60% combined in the short to medium term.

Next slide. Overall, EBITDA margin for Q4 was in line with Q3. On a full year basis, the margin evolution has been led by higher contribution from maritime and logistics clusters in 2024, with 11 months consolidation of GFS and full year consolidation of Noatum. In ports, the operating leverage in the UAE business was in 2024, offset by addition of international businesses with relatively lower margins. Similarly in economic cities, the operating leverage in the land lease business was offset by a very strong growth in the relative lower margin warehouse business and the ramp up of key communities now named Sedera. The consolidated EBITDA margin will continue to rebalance at moderate rate as capital projects come online and operations are ramped up. Higher margin businesses are predominantly in the UAE, where the group largely operates a landlord business model. Based on the existing portfolio, our guidance remains unchanged with EBITDA margin in the range of 25% to 30% in the medium term.

Next slide. For our balance sheet, total assets grew 15% year on year to 63.7 billion in Q4, whilst the total equity also increased 15% to 27.8 billion. Significant growth in operating profits, together with plateauing debt levels, led to 110 basis point reduction in net debt to EBITDA to 3.3 times in Q4, down from 4.4 times in the same period of 2023. We have strengthened our liquidity position with a cash balance of 2.8 billion at the end of 2024, driven by earnings growth and additional liquidity booster through the refinancing and upsizing of our bank facilities. In Q4, we refinanced and upsized our RCF from $1 billion to 2.125 billion equivalent, lowering spreads and extending maturities to ‘26 and beyond. We have no debt maturities in 2025, and our balance sheet still offers good flexibility, even after a series of acquisitions. Our guidance remain unchanged to maintain an investment grade credit rating on a standalone basis.

Next slide. Capex reached just north of 800 million in Q4 similar to Q3. Majority of Q4 spend was for the new CMA terminal at Khalifa port, which officially commenced operations in December, as well as infrastructure works for Khalifa port and keysa [ph], plus some selective maritime vessels. Capital intensity continued to soften as per plan, and stood at 24% for the full year in 2024. As mentioned, we are rebalancing our capex program in the medium term towards infrastructure in ports and economic cities clusters, including port developments in

Egypt, Pakistan, Congo and Angola, where we recently secured concessions. Feed optimization and expansion will also be done on a selective basis. Expected capex spend for 2025 and 2026 will be around 3.5 billion to 4 billion annually.

Next slide. Operating cash flow reached almost 1.3 billion in Q4. We were free cash flow positive on a quarterly basis for the second time in a row. Lower capex intensity, significant annual bidder growth, combined with strong cash conversion in 2024 resulted in 167% year on year growth in operating cash flow to 3.9 billion. Free cash flow positive, excluding M&A investment, remains a key focus area for us, and all indicators on track to achieve the sustainable free cash flow positive guidance, latest by 2026.

Next slide. With a full year of all acquisitions already in our books, we have updated our medium term guidance. This is factoring in the shipping cycles and the expected continued normalization of shipping rates when the Red Sea will eventually open up. In the medium term, between 2024 and 2029, our expectation is to deliver revenue and EBITDA CAGR in the range of 10% to 15% and a profit before tax CAGR around 15%. In the short term, being the next couple of years, we expect annual capex to be around 3.5 billion to 4 billion per year, as I mentioned in the previous slide. And again, this is based on currently announced transactions.

Back to you, Marc.

Marc: Thank you, Martin. We can open the floor to Q&A, if possible, Ahmed.

Ahmed: Sure, sure. So hi, everyone. As a reminder for those on the call, you can use the raise hand function, and we can unmute your mic to ask your question. Or you can send your questions in the Q&A box. We have our first question from Carlos. Carlos, please unmute locally and ask your question.

Hello, Carlos? Can you hear us? Carlos, please unmute locally.

Okay, so we'll move to the next question coming from Graham Hunt. Graham, please unmute locally as well and ask your question.

Hello, Graham, can you unmute your locally as well? Yeah, we can hear you now. Please go ahead.

Graham: Apologies for the delay and thank you for the presentation. I'll just ask two questions. First question is whether you could quant, and you spoke a lot about the benefits of the expanded capital base, and from the acquisitions you've done, but are there any numbers that you could put around it in terms of synergies that you're creating or expecting to create? Apologies if I missed it, but just around the numbers or quantifying that, that would be helpful from the M&A that you've done and leveraging the larger reach that AD Ports has today. And then second question is, just around the capex spend, just interested to know what's the split

	between what absolutely is committed capex, i.e., that has to be spent, and what is discretionary, in terms of what you're choosing to spend at this time? And on that discretionary spend, or maybe just on that incremental capex, what's the incremental return on capital that you're expecting? Just trying to understand, yeah, that incremental return that you're getting from what is still a reasonably large capex spend over the next two years. Thanks.
Ahmed	Hi, Graham. I believe Marc has a bit of issues hearing the questions. Not sure if Martin or Ross can step in. Think Marc is having some technical issues.
Graham	No problem.
Marc	Sorry. I didn't hear the second part of the question. I have some jumping line here.
Ahmed	Graham, you're still audible. Can you please ask your question again?
Graham	Yeah, so just the second part was around the capex. So really, what's the split between committed capital, committed capex spend versus discretionary? And if there's any sense you can give on the incremental return on capital you're expecting from that capex, that would be helpful.
Marc	So at least I'll answer that. Then Ross would jump in on the first part in terms of the synergies afterwards. So in terms of the capex for the next couple of years, where we are guiding for 3.5 to 4 billion, roughly 65% is committed, and it's mainly related to the international port expansions, plus the continued build out of our build assets in Keyset. In terms of the impact, in terms of incremental returns, a lot of these are long-term assets. So particularly in terms of the green fields that we're currently constructing in Congo and Angola, Zafaga [ph], you would not see any significant improvement in terms of returns because of the P&L uplift will have a delayed effect, and there'll be an operational ramp up period in the subsequent years.
Graham	Got it, thanks.
Ross	Yeah, Graham, sorry. I think Marc is having some technical issues. We do have the synergies broken down in terms of what we have achieved and what we're trying to achieve, and what they've contributed in the 2024 P&L, and also the quarter four. I don't personally have the breakdown, but what we'll do is we'll get those sent to you, and apologies for the technical issue we're having.
Graham	No worries at all. Thanks very much, guys. Look forward to seeing you next week.
Ahmed	Thank you, Graham. Our next question comes from Luis Garcia. Luis, please, your line is open. Please ensure that you're unmuted locally as well.
Luis	Yeah. Afternoon, everybody. Can you hear me okay?

Ahmed	Yes, perfectly fine.
Luis	Perfect, cool. It's Luis Garcia from Morgan Stanley. Thank you for the helpful presentation. Two quick questions from my side. Firstly, Ross, following your slide on the favorable outlook that you're seeing in maritime and shipping, I'm conscious that you don't guide based on clusters, but any color on the potential margin trajectory that we're going to see in maritime and shipping into 2025? And medium term, assuming we see eased Red Sea disruptions and other factors. What's a normal range that we could expect for that cluster in terms of margins? And secondly, just on a shorter one, on free cash flow, you were positive again in Q4, which is great to see. Given that you're going to see capex decline again in full year ’25, what's stopping you from aiming for free cash flow positivity in full year ’25, earlier than 2026? Just some added color on that would be helpful. Thanks.
Ross	Okay, I'll take the first part of the question. Yeah. I think we've been relatively stable in maritime and around about a 30% margin business. Give or take, we don't see a significant change in that in quarter one of ’25, and the start of quarter two. What I mean, again, what we can't see is the impact that potentially the peace deal and the abatement of the Red Sea issue would have, again, for us, it's not necessarily a price driven issue. It's more of a volume because a lot of the growth that we picked up, and this is related to our container business, container business only. A lot of the business that we picked up is not necessarily the rate that drove the profitability. It is the additional volume that we've handled and any significant changes. And there is the obviously, there is the potential for some significant changes. We would have to act fast and redeploy the network, which is what we did when the Red Sea crisis started. So my honest view is we don't have a crystal ball, but I don't see a short-term impact. If we do see a significant impact in the container side, it's, relatively speaking, still only around 22% of the maritime revenues. I think that the business is quite well-hedged in the other sectors. The oil and gas sector will do very, very well. So we may see some deterioration, but I wouldn't like to give any guidance, but I don't think it comes until the second half of this year. So relatively stable for the first half. Let's say that.
Martin	And on your second question in terms of the free cash flow positive, whether that should be for or why not ‘25, when we've had two quarters, and what we've been guiding for is from a sustainable perspective, in terms of 2026. We have kind of, like, just been finalizing some big expansion, particularly In Khalifa port up to the CMA terminals launch of last year, and we have announced a number of international concessions where we will see a ramp up in capex spend over the next couple of quarters. And that's why we are saying, in 2026, that's where we see, with the current visibility that we have, that that will reach that more sustainable inflection point in terms of becoming free cash flow positive. It doesn't mean that there will not be quarters before that where we will also see free cash flow positive, but again, on a sustainable basis there, we only see it coming from 2026.
Luis	Perfect. Thanks, guys. Look forward to seeing you next week at the CMD.

Ahmed Thank you, Luis. We have our next question coming from Ana Antonova. Anna, please unmute locally and ask your question.

Ana The majority of my questions have been answered, but just maybe to pick your brain about the capex guidance, and then maybe net income guidance going forward. So I see first on the slide with capex that you're guiding for 2025 and '26 capex, but just to kind of ask whether the previous guidance in terms of total capex over the next kind of five year period, I think the latest one was 13 to 15 billion dirhams. Does that still hold, or we may expect some incremental updates to that on the strategy day? That's one. And then the second one on the free cash flow and net income evolution basically versus in the guidance. So I think this slide has the guidance for profit before tax. So how should we think about the net effective income tax rate going forward? As AD Ports is a kind of multinational company, and it's getting an increasingly higher share of operations coming from outside of UAE? Thank you.

Martin No good questions. In terms of the capex, we have kind of like pivoted towards giving more granular data in terms of the next couple of years, because that's where we have the best facility in terms of committed projects right now. We are getting very dynamic business and opportunities come our way, and that's why we wanted to focus on the next couple of years. That's also where we see the big capex spend, particularly for our big new developments internationally, particularly in the port side. We will continue to expand, particularly Keyset at home in line with the ongoing strong demand, particularly for the build assets. We do expect post-2026 that there will be a moderation, significant moderation, in terms of cap expense based on what we currently have secured. But again, then again, the growth opportunities that will continue to come. So that's on the capex.

In terms of your second questions, the reason why we have been now adding profit before tax, in terms of providing guidance on that, previously, we didn't do that, mainly because we have a number of acquisitions that were a lot of acquisition in a short period of time, where we were doing purchase price allocation that would have an impact on the intangibles. So until we had visibility on that, we were hesitant in terms of providing the bottom line guidance that we are doing now. The reason why we're doing on PPT level instead of net profit level, is because the particularly on the tax front in UAE, is again evolving. One thing is the introduction of the 9% corporate income tax that was applicable for 2024, but that will increase, most likely to 15%, but in terms of where that ends up from an effective rate, we still don't have the level of details in terms of the legislations to determine that. So until we have that visibility, we will guide on PBT level, and then subsequent, once we get into a more stable taxation environment for the UAE, we will do it on net profit level.

Ahmed Thank you, Martin. We don't have any further raised hands at the moment, but we can move to the Q&A box. We have our first question coming from Dan Loon. Can you explain a bit more on the capex plans going forward? And also, do any of your plans include a new bond issuance?

Martin	Yeah, so in terms of the capex plan, I think we have been pretty consistent in terms of our capex. So the key beneficiaries of capex going forward will be, particularly in the international ports, where we have a number of concessions that we will continue to develop in the next couple of years, particularly [indiscernible] port in Egypt. We have the Congo, we have Karachi in Pakistan, and Angola, and then the recent one that we announced for Kazakhstan. So these would be the main consumptions when it comes to the capex. Equally important is that we'll continue to build out the economic cities, Keysight in Abu Dhabi, in line with demand and that trajectory that you have seen in the past couple of years. We'll expect that also to continue going forward. What was the question again, in terms of more on the capex?
Ahmed	More on the capex, which you basically just explained, but I believe the second part of the question is basically any plans for new bond issuances?
Martin	Yes. Again, a good question. So our capital structure policy, is to basically finance our long term assets with similar liabilities, and that will predominantly come from the DCM. We had our first bond back in in 2021, and then, because of the market dynamics and the dislocations of interest rates and volatility in the subsequent period where we've done the acquisitions, we have financed that with some bridge loan that we have also just refinanced. We had a certain expectation in terms of interest rate development in 2024, that turned out to be slightly different in actuals. And then we saw, basically things start moving in the latter part of the year in line with what we had expected. Since then, Trump has come in and shaken the market a little bit. We do expect that we will see a moderation of that stabilization, particularly in the second half of this year. And it is our intention to look at converging some of the bridge facilities over time into long term GCM. But no specific plan as it is right now.
Ahmed	So our next question comes from Carlos, who was actually trying to ask it, but he has some mic issues. The first question is basically following the recent agreement with CMA in Congo, could you confirm if that approach could happen other terminals, for example, [indiscernible] in Egypt? That's the first question. And then the second question is, with regards to the Red Sea disruptions, you have mostly focused on the maritime and shipping activities, but can you update us on the situation for your cruise terminals, and what would be your strategy there if long-term security cannot be achieved?
Ross	Yeah, could you just repeat the first half of the question?
Ahmed	Sure, sure. So the first half of the question was basically on the agreements with CMA and Congo. Could this approach be applied in other terminals that you have as, for example, [indiscernible]? And then the other part of the question, the second question was with regards to the Red Sea disruptions. The focus has been on maritime and shipping, but could you provide an update on the situation for the cruise terminals and the strategy if long-term security cannot be achieved?

Ross | Yes. Announcement in Congo, is a model that we have successfully done previously. We're a company that's built on partnership. I think what we do is we invest in key country infrastructure. And I think that what you've seen is these are desirable assets for particularly shipping lines to secure long-term capacity in key markets that they serve. And where it makes sense, where we can keep the operation, we can keep the consolidation, but we can bring a partner who really adds value, then it is a model that we'll look to replicate. Do we have anything specific to announce shortly? The answer to that is no, but we are always looking to commercialize our assets, derisk our business cases, free up cash flow to reinvest. And so it is a model that we like, we've employed for many years, and it's a model that we'll look to use going forward. In terms of an update on the cruise terminals. We're working on them now. There's nothing imminent, but second half you will see more news coming for us about operational capabilities. And relatively speaking, if stability and peace cannot be achieved, then there is still opportunity in that for a group of our size and our offering. So in effect, we're a group that's been able to position ourselves and take the opportunities that are presented itself in this geopolitical world that we live in, in the logistics and maritime sector. And I think we're a group that remains incredibly agile, and one that moves first in the region where instability presents opportunity. So yeah, that would be a model that the company wants to retain its ability to maneuver and be agile.

Ahmed | Perfect. Thank you. Thank you, Ross. We don't have any further questions in the Q&A box for hands raised. I mean, we have Ana with her hand still raised. I'm not sure if Ana wants to ask a follow- up question. Ana, please unmute locally as well if you want to ask a question.

Okay, so Ana does not have any questions.

One second. Ana, please. You raised your hand again. Unmute locally and ask your question. Okay, maybe there's a technical issue. As a reminder for everyone, you can use the raise hand function, or you can send your questions in the Q&A box.

Okay. Luis Garcia, just raise his hands. Luis, please unmute locally and ask your question.

Luis | Yeah, yeah. Hi guys again. Just one quick follow-up from my side to make sure that I understood correctly. You said the CMA terminal at Khalifa port, CMA have already expressed interest to expand that as demands already supply for the terminal. Would that be for the 0.8 million to use expansion option that they already have? And if so, when would it be likely to see that added in capacity? Thank you.

Ross | Yeah, maybe, yeah, they have an option to take an area of land that's already built adjacent to their port as part of their concession. And I suspect we'll work with them over a plan. I don't think it will be in its entirety, the option will be drawn down in its entirety this early, but I suspect that you'll see an expansion to that terminal very soon, primarily because the terminal already in the next few months, will be above the 70% utilization. Once you go above 70% utilization, you look to kick off next expansion. It takes some time to get the operating equipment ready, although the land is ready. So at this point, I can't speculate when, but I can tell you work is being done, not as we speak.

Ahmed: Perfect. Thanks, Ross. Okay, we don't have any hands raised or questions in the Q&A box, so Marc, Martin, and Ross, back to you for any closing remarks.

Ross: Thank you, Ahmed, and thank you, EFG for hosting this call. We look forward to hosting you at the capital markets day next Monday, and following that, we will be attending the [indiscernible] investor conference in Dubai of HSBC. For those attending it, we're looking forward to interacting with you at this event as well. Thank you all for attending the call and hope to see you soon. Thank you, Ahmed, again.

Ahmed: Thank you, guys. Thank you, everyone, for attending. You may now disconnect.