AD Ports Group Delivers 66% Year-on-Year Revenue Growth in Q2 2023

- Q2 2023 Revenue grew by 66% YoY to AED 2.1 billion, driven by the Maritime, Ports, and Digital Clusters as well as acquisitions (+44% YoY on a like-for-like basis)
- Volume growth was strong across the board, +10% YoY for Ports Containers, +40% YoY for General Cargo, +64% YoY for RoRo, +152% YoY for Cruise, +27% YoY for Maritime Feeder Containers, and +8% YoY for Polymers
- In EC&FZ, 0.7 sq km (net) of new land leases were signed during the quarter while leased warehouses increased 53% YoY
- Q2 2023 EBITDA increased 29% YoY to AED 686 million (+13% on a like-for-like basis), implying an EBITDA margin of 33%
- Q2 2023 Total Net Profit increased 3% YoY to AED 310 million
- Completion of 100% Noatum acquisition with a total purchase consideration (Enterprise Value) of AED 2.65 billion

Abu Dhabi, UAE – 14 August 2023: AD Ports Group today announced its financial results for the second quarter of 2023, reporting revenue growth of 66% YoY to AED 2.1 billion, driven by volume growth in key sectors, business diversification as well as local, regional, and international expansion both organically and through M&A. Revenue growth reached 44% YoY on a like-for-like basis (LFL), excluding effect from M&A activity. Maritime, Digital, and Ports Clusters were the key growth drivers with 208%, 26%, and 22% YoY, respectively.

AD Ports Group Q2 2023 EBITDA rose by 29% YoY to AED 686 million, mainly driven by Maritime, Digital, and Ports Clusters as well as acquisitions (+13% YoY on a LFL basis). Change in the revenue mix, lower share of profits from JVs and associates, and ramp-up/one-off costs associated with new businesses resulted in a normalisation of EBITDA margin to 33.3% for the quarter vs. 38.5% in Q2 2022.

Total Net Profit increased by 3% YoY to AED 310 million in Q2 2023 as EBITDA growth was diluted by the increase in depreciation and amortisation charges as well as finance costs associated with deployment of new assets with deferred revenue effect.

The Group's Net Operating Cash Flows continued to improve to AED 508 million in Q2 2023 while Capital Expenditures (CapEx) reached AED 1.8 billion as per plan.

Net Debt to EBITDA ratio stood at 3.5x at the end of Q2 2023, but was distorted by completion of the Noatum acquisition on 30 June 2023, which was fully funded through debt in Q2 but with P&L effect only from Q3 onwards.

The Maritime Cluster reported an impressive revenue growth of 208% YoY to AED 1,160 million, primarily driven by the feedering (container and bulk) and offshore logistics and services business segments (+161% YoY on LFL basis).

The Economic Cities & Free Zones Cluster reported a 10% YoY decline to AED 441 million mainly due to temporary lower utilisation of Razeen staff accommodation as it ceased to be used as COVID-19 isolation and quarantine facilities. This decline was partly offset by the consolidation of Eskan Al Jamae (EAJ) since the beginning of the year and higher revenues from land leases. An additional 0.7 sq km (net) of new land leases were added in Q2 2023, taking the total land leased under the EC&FZ Cluster to 66.1 sq km.

The Ports Cluster reported Q2 2023 revenue growth of 22% YoY (+15% YoY on a LFL basis), with container volumes growing 10% YoY to 1.21 million TEUs (twenty-foot equivalent units). The Cluster also delivered 64% YoY growth in Ro-Ro volumes, 152% YoY growth in the number cruise passengers, and 40% YoY growth in general cargo volumes. In June, AD Ports Group secured a 50-year concession agreement for the existing container terminal operations of the Port of Karachi, which resulted in immediate earnings contribution.

The Logistics Cluster contributed AED 127 million to the Group’s revenue in Q2 2023, representing a 3% YoY increase as 8% YoY growth in polymer volumes was partly offset by cessation of COVID-19 vaccine business.

The Digital Cluster reported a 26% YoY increase to AED 117 million, supported by the newly acquired TTEK (completed on 22nd May), which develops and deploys border control solutions and customs systems, and strong performance of ATLP related services. The Cluster’s revenue growth reached 22% YoY on a LFL basis.

Going forward, AD Ports Group’s revenue mix is likely to be more balanced across four of its five Clusters with the recently completed acquisition of Noatum, a global integrated logistics services provider with a presence in 26 countries across five continents. The Spain-headquartered company generated revenue and EBITDA of AED 5.69 billion (EUR 1.39 billion) and AED 433 million (EUR 106 million) in the last twelve months as at 30th June 2023, respectively, performing in line with expectations since the transaction was announced.

Based on 2023’s first six months financial performance for both AD Ports Group and Noatum, the latter accounts for over 50% of AD Ports Group’s revenue and 13% of its EBITDA.

Captain Mohamed Juma Al Shamisi, Managing Director and Group CEO, AD Ports Group, said: "I am delighted with our strong financial performance for Q2 2023. With a remarkable 66% YoY revenue growth to AED 2.1 billion, we are successfully executing our diversification strategy and leveraging synergies from our recent acquisitions, paving the way for continued growth and value creation for our stakeholders, driven by the support of our wise leadership"

Martin Aarup, Group Chief Financial Officer, AD Ports Group, said: “AD Ports Group's solid financial performance in Q2 2023, evidenced by a 29% YoY increase in EBITDA to AED 686 million, showcases our resilient growth journey driven by our expanded service offering and geographic diversification. At the same time, we continue to invest large amounts of CapEx, AED 1.8 billion in Q2 2023, which will drive our future growth."

Q2 2023 Key Highlights

In addition to the completion of the Noatum acquisition these are the key business developments that took place in Q2 2023.

In June 2023, AD Ports Group announced a concession agreement with Karachi Port Trust (KPT), the Pakistani federal government agency that oversees the operations of the Port of Karachi. Under the terms of the 50-year concession agreement, a UAE-based company has been formed to manage, operate and develop the Karachi Gateway Terminal Limited (KGTL), berths 6-9 at Karachi Port's East Wharf. The terminal's revenues are all dollarised with no foreign exchange exposure to the Pakistani Rupee. Over the past five years, the terminal has been generating revenue of around AED ~200 million (USD 55 million) and EBITDA of around AED ~110 million (USD 30 million) annually.

An additional announcement in June included the signing of a 30-year concession agreement with the Government of the Republic of the Congo for managing and operating the multipurpose New East Mole Terminal at Pointe-Noire. AD Ports Group will invest more than AED ~1.84 billion (USD 500 million) over the lifetime of the concession, with around AED ~810 million (USD 220 million) allocated for phase 1, which is expected to be completed over the next 30 months.

AD Ports Group and Premier Marine Engineering Services LLC (Premier Marine) formed a new joint venture, SAFEEN Drydocks in June 2023. The joint venture is structured as a 51% ownership by AD Ports Group and 49% by Premier Marine. The hub of SAFEEN Drydocks' operations will be located at Khalifa Port and will encompass a 45,000 sqm shipyard and repair facility, 350m quay wall for vessel afloat repair, and a floating dry dock for vessel maintenance and refurbishment.

The Group also signed a 25-year agreement with Singapore based Crystal Offshore, a recognised one-stop logistics solution provider to the Marine & Offshore industry. Under the terms of the agreement, a 20,000 sqm plot of land and an associated quay wall in Khalifa Port will be allocated for Crystal Offshore to construct a base, featuring office facilities and fabrication workshops to provide advanced repairs and refits to jack-up rigs as well as marine and offshore vessels.

Khalifa Port, AD Ports Group flagship deep-water port was ranked the 3rd most efficient container port globally in the recently published Container Port Performance Index (CPPI) developed by the World Bank and S&P Global Market Intelligence.

In July 2023, Khalifa Economic Zones Abu Dhabi – KEZAD Group, the integrated trade, logistics and industrial hub of Abu Dhabi, and Al Jazeera Steel Products Co held the ground-breaking ceremony of the region's first rolling mill with rail production capability in Abu Dhabi on 12th July 2023. The state-of-the-art, innovative and cutting-edge 450,000 tons per annum medium section mill will cover an area of 210,000 sqm in KEZAD and will cater to the growing customer demand for steel products as well as other growing requirements for products produced efficiently through KEZAD.

AD Ports Group's financial statements are available on its website, accessible at: https://www.adportsgroup.com/en/investors.

AED m	Q2 2022	Q1 2023	Q2 2023	Q2 2023 vs. Q2 2022	H1 2022	H1 2023	H1 2023 vs. H1 2022
Revenue	1,242	1,817	2,060	66%	2,289	3,877	69%
EBITDA [1)]	532	699	686	29%	1,056	1,385	31%
EBITDA Margin %	42.8%	38.5%	33.3%	-9.5%	46.2%	35.7%	-10.4%
Total Net Profit	300	363	310	3%	606	673	11%
Attributable to the owners of the company	298	331	286	-4%	603	617	2%
Non-controling interests	2	32	24	-	3	56	1520%
Reported EPS (AED) [2)]	0.06	0.07	0.06	-4%	0.12	0.12	-3%
Total Assets	35,684	43,316	49,515	13,831	35,684	49,515	13,831
Total Liabilities	16,786	21,078	26,953	10,167	16,786	26,953	10,167
Total Equity	18,898	22,238	22,562	3,664	18,898	22,562	3,664
Cash Flow from Operations	473	335	508	7%	523	843	61%
CapEx	(1,602)	(1,016)	(1,836)	-	(2,570)	(2,852)	-
Cash Flow from Investing Activities	(806)	(878)	(3,616)	-	(3,672)	(4,495)	-
Free Cash Flow (FCFF)	(333)	(544)	(3,108)	-	(3,148)	(3,652)	-
Net Debt [3)]	1,828	5,930	9,577	7,750	1,828	9,577	7,750
Net Debt / EBITDA (x) [3)]	0.9	2.1	3.5	+2.6	0.9	3.5	+2.6
Return on Average Capital Employed - RoACE (%) [4)]	5.5%	5.3%	4.8%	-68 bps	5.5%	4.8%	-68 bps

1. EBITDA is calculated by taking net profit and adding depreciation and amortization, finance costs, impairment of investment properties and subtracting government grants, fair value gain on pre-existing interest in a joint venture and finance income
2. Based on the weighted average number of shares for the period
3. Net debt is calculated as total borrowings (including bank overdrafts and bond issues), excluding payables to ZIF project companies, less cash and bank balances
4. RoACE is calculated as net profit before funding cost divided by invested capital being the sum of total equity, borrowings, deferred government grant, lease liabilities and amounts payable to project companies less cash

-Ends-

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About AD Ports Group:

Established in 2006, AD Ports Group today serves as one of the world's premier facilitator of logistics, industry, and trade, as well as a bridge linking Abu Dhabi to the world. Listed on the Abu Dhabi Securities Exchange (ADX: ADPORTS), AD Ports Group's vertically integrated business approach has proven instrumental in driving the emirate's economic development over the past decade.

Operating several clusters covering Ports, Economic Cities & Free Zones, Maritime, Logistics, and Digital, AD Ports Group's portfolio comprises 10 ports and terminals, and more than 550 square kilometres of economic zones within KEZAD Group, the largest integrated trade, logistics, and industrial business grouping in the Middle East.

AD Ports Group is rated A+ by S&P and A+ Outlook Stable by Fitch.

For more information, please visit: adportsgroup.com

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