0800 138 2636
conferencingservice@netroadshow.com
www.netroadshow.com

Transcript

AD PORTS Q4 2023

Thursday, 15 February 2024

Ahmed Hazem Hello, good morning and good evening, ladies and gentlemen. This is Ahmed Hazem from EFG Hermes Research speaking. And we'd like to welcome you all today to AD Ports Group fourth quarter and full year results conference call. With us on the line today is Mr Martin Aarup, CFO of AD Ports, Mr Ross Thompson, CSO of AD Ports, Marc Hammoud, VP of IR, Amir Maghami, CEO of the shipping and maritime cluster, and Adrian Kulczycki, CFO of GFS. Without further delay, Marc, I'll hand over the call to you. Please, go ahead.

Marc Hammoud Thank you, Ahmed, and thank you, EFG Hermes, for hosting our Q4 and 2023 earnings call again. Good morning and good afternoon, everyone. Welcome to our Q4 and 2023 full year results. My name is Marc Hammoud and I'm the head of investor relation. And without further ado, we'll start the call. Let me share my screen first. Starting with the key message, I think 2023 as the year allowed us at AD Ports Group to really change the dimension of operations, with two notable transactions announced in 2022, but closed in June 2023 for Noatum and, more recently, in end of January, for GFS.

And I think that's the two key developments we had last year. Those are the key messages 2023 and Q4. First off, the UAE and regional macro outlook remain positive and the top-down story is still supportive. If I had to mention the GDP growth in the UAE for the first six months last year, in the non-oil economy, it was close to 6%. If I had to mention the non-oil economic growth in Abu Dhabi for the first nine months of the year, it was over 8%. And given the strong alignment we'll have with the non-oil economy and the government initiatives, we're seeing that in our organic growth.

The results in 2023 are very strong in terms of revenue, 112% growth to 11.7 billion. Even on the like-for-like basis, you have a 58% growth. EBITDA also grew by 23%, driven by the acquisitions on the like-for-like, it was relatively flat and net profit grew 6% to 1.4 billion. Like the Q3, this different speed of growth between the top line and the bottom line, as we put in our earnings release, is due for several reasons. Higher depreciation and amortisation charges, including the amortisation of intangibles following the finalisation of the purchase price allocation of recent acquisitions, increasing finance cost, tax and one-offs that waged on the bottom line.

We're still a very resilient business, with 65% of our full year revenue being long term and sticky and hence recurring in nature. The 2023 CapEx is in line with our guidance. We spent 1.5 billion in Q4, 4.6 billion in 2023. It's in line with the 15 billion CapEx programme that we had announced. This was revised to 12, 15 billion for the next five years between 24 and 28. And this range will depend, obviously, on market opportunities for investing in vessels and port concessions. It continues to be front loaded and primarily project- and contract-based. Balance sheet is still supporting our investment grade credit ratings.

We told you several times that's the way we manage our balance sheet. We want to keep our investment grades and our debt schedule remains well managed and with no upcoming maturity in 2024. Net debt to EBITDA ratio of 4.4 times at the end of the year. If we adjust for the one-offs and we incorporate the full EBITDA contribution from acquisitions, then this ratio comes below four times. Outlook, short-term outlook is positive. And it's positive supported by the macro, as I said earlier, but also by the Red Sea disruptions, with a positive impact on both volumes and freight rates for Transmar, Safeen Feeders, GFS and Noatum.

This positive couple of months that we had should accelerate in the next few months. And we have good visibility on that positive impact in Q1 and Q2. Equity story, it remains more or less the same. For those who have met us and already dialled in in previous quarters, the first driver remains this macro and top-down story that I just mentioned about. There's a very strong alignment with the UAE and Abu Dhabi in particular strategy of focussing on industrial cities and manufacturing processes. Strong alignment with the macro environment. Triple play growth, you've seen that the M&A has kicked in more strongly towards the end of the year, primarily due to Noatum and to KGTL in Pakistan.

And as a result, there's an increasing contribution in terms of both revenue and EBITDA when it comes to the mix between organic and M&A. But going forward, organic M&A and the ramp-up of existing assets will be the three drivers for growth. As I just mentioned, 65% of the top line remains long term and sticky. And that basically gives you good visibility on the income stream in the future. Strong balance sheet that supports further investments and our growth aspirations. We still have 3.3 billion dirhams in cash as of Q4 and 1.7 billion still available under existing bank facilities.

As I said, if you take a normalised net debt to EBITDA ratio, we fall below the four times ratio. This slide, to remind our shareholding structure, 75% owned by ADQ, with 17% actual free float, although we have Al Seer Marine as a strategic shareholder, so total of 25%. You can see foreign ownership keeps on increasing and we close the year at 8%. Stock performance, we remain one of the best performing stock in the entire MENA region, especially among the recent IPOs. We return 11% in 2023, largely outperforming ADX, which was down 5%. And we up 99% since listing, again, largely outperforming ADX, which has been up 11% since then.

We're trading about $4 million based on the six-month ADTV. Five vertically integrated clusters, that hasn't changed. And this is the distribution for the full year 2023. You can see that maritime and shipping is still the largest revenue contributor and with Noatum contributing for six months, logistics is more in line with the ports and economic cities and free zone revenue contribution. In terms of EBITDA, we still have economic cities and free zone as the main contributor, with second maritime shipping and then comes port, logistics and digital are smaller contributors. But again, we only had six months of contribution coming from Noatum for the logistic cluster.

Same picture for the total assets and CapEx. And I'll go first on this. We added this slide because it gives you a good idea of the scale of the business. You can see that we are now present in six countries when it comes to the 27 terminals that we have. We have 136,000 bed capacity in KEZAD. We have 9.7 million TEUs container capacity globally. 550,000 square kilometre in economic cities and free zone land bank. And 82 shipping vessels in our maritime and shipping cluster serving 28 countries. And in the middle, you can see some of the volumes we achieved in 2023. We've been building scale. And with scale comes more efficiency. Market update, I'll pass on to Ross for the market update.

Ross Thompson Thank you, Marc. Good afternoon, everyone, or good morning, depending on where you're dialling in from. Next slide, please. I think we'll share a little bit of context of what's going on in the market, particularly in the seaside transportation, where we have a large part of our group that operates within that context. And I think that, particularly over the last three to six months, that we're going through some very well publicised disruptions.

And I'll come on to speak about them. But in general, if you look at the right side of this slide, in the top right-hand side, in terms of container volumes in 2023, actually, this area of the world did very well.

Our core markets, Middle East, Southeast Asia, Sub-Saharan Africa, Gulf Red Sea area, these areas grew well above the global norms. And volumes grew, not only on a year-to-year basis, but they're growing on a quarter-to-quarter basis. And we're seeing growth in these areas around about 10%, 8% as the year average, but 10% towards the end of the year as volumes continue to increase. That's largely driven by the GDP and the growth in this region that we're seeing and certainly the economic growth at the probably outperforming other areas of the world. If you look at it on a global scale, then year-to-date global container volumes by sea were down around 2%.

There is some light at the end of the tunnel on a globalised basis where, certainly in the last quarter in November and December, there was growth. And our area of the world performed very, very well. And then you can see other areas of the world, the Far East, Latin America, North America, Europe, all significantly down year-on-year. But these are regions where they have pricing implications across our group, but we have limited exposure in these markets. Most of our exposure or most of our tonnage is deployed in that top right-hand box with good growth rates. Next slide, please.

In terms of rates, in terms of the container side of our business, they have been back to a normalisation of 2019 levels, pre-COVID. During 2021 and 2022, the rates obviously went up and at significant levels. They then dropped very substantially and very sharply at the beginning or the end of 2022, beginning of 2023. And they really bottomed out within the year very, very quickly to pre-COVID levels. And they remained there really until December when we had the Red Sea disruption, where volumes were being diverted, particularly northbound through the Red Sea channel, away from the Suez and round the Cape of Good Hope.

That has driven up rates, in particular, China-Europe and China-Middle East. Although this will be temporary and we don't have foresight as to how long this will last, it will be temporary. And therefore, we do see rates returning to more of the norm that we've seen in 2023, particularly after the first quarter, maybe into the second quarter. But it's very, very hard to tell how long this will go for at this present time. Next slide, please. In terms of the bulk, the picture is a lot more positive. I think the general trend is you are seeing stable and strong rate levels, both in liquid bulk and dry bulk.

There was some tailing off towards the end of 2024. Having said that, with a weakening demand out of China. But having said that, that's largely temporary. And what we see going forward is a continuation of the strong rates. Next, please. RoRo, in terms of seaborne car trade, which is important to us, after we added Noatum into the group, the group handles around about 1.2 million finished vehicles every year and has a capacity of around about 1.6. So a large player in the market. And what we saw that there was an early impact in COVID, but then there was a countermovement where the automotive market suffered from a shortage of semiconductors and chip manufacturing, which actually saw volumes impacted negatively in 2022.

That corrected in 2023 where we're seeing a slight boom, as you see the chart moving up. But what's really happening in the automotive market, you're seeing the transition from the combustion engine to electric vehicles. And the electric vehicles are really driving the sea freight volume of car trade going forward. If you look, our major hub of Barcelona, where we handle just over a million cars, if you went back two years, that would be 70 to 80% combustion engine and around 20% electric vehicles. The imports into Barcelona today are around 50/50. You can see the market share, that's changing trade patterns a little as a lot of that electrical vehicle manufacturing is coming out of China into Europe, China into the Middle East.

China just overtaking Japan as the number one export market in the world of finished vehicles. And that's largely driven by electronic vehicles. Same we're seeing in foodstuffs. Foodstuffs, the general trend is strong and growing. And particularly within the second half of 2023, we saw some very, very strong volumes and very high demand, particularly from the Far East and Africa and in large trades, long-term trade agreements. Next slide, please. Just to wrap that section up, I think the outlook in the context of the market is somewhat mixed. I think in the container side, we have a temporary increase in rates because of the disruption by the Red Sea, particularly in this area of the world where the rates are going up and our shipping division benefits a little bit for that.

In terms of bulk and dry bulks, it's a lot more stable. The rates are a lot more positive. And we participate in those both in the bulk and the liquid bulk side. In terms of projects… Next slide, please, Marc. I'll focus on quarter four and quarter one because previous calls, we've been through quarter one to quarter three. But really, in quarter four, we closed off an acquisition of ten offshore vessels, which were acquired from a company called E-NAV. This has really bolstered our operations in the Middle East and Southeast Asia. This is a market that is in high demand. It's very, very buoyant. There are lots of oil and gas projects that these vessels will go in to support and be taken on bareboat charter into the EPC [unclear] world.

It is an area where our maritime business is investing heavily in. We see the market to be in a bit of a boom, particularly for the next 24 months. That's really driven by the fact that there is a lack of operating equipment and vessels available and there are plenty of oil and gas projects, particularly in this region of the world. We signed cruise concession with the Red Sea Ports Authority. Three cruise terminals that will develop in Safaga, which extends our concession to develop the general port and the container port in Safaga. In Hurghada, which is a typical tourism spot along the Red Sea, as is Sharm El-Sheikh, we'll be developing those ports and we'll be having the management contract of the operations.

As we move on to quarter one, we closed out the 100% acquisition of Castellón terminal. This is to be operated by our company, Noatum, located in Spain. It adds around 250,000 TEUs of capacity for us, as well as we already run the general cargo and the bulk side in Castellón. It's an extension of what we're already doing in that region. We also signed the concession of Karachi Gateway Terminal, the multipurpose terminal, in 2023. We signed the concession in quarter two for a 50-year concession of the container terminal operations. We are now extending the quay to almost two kilometres where we have general cargo and bulk operations.

And we signed that on a 25-year agreement. We will be doing some construction work, deepening the channel, and also some civil works. But it is an operating business. And you'll see, as we go forward in quarter four, first some minor impact on the P&L and then, as we move into 2025, more of a major impact. We also closed out an acquisition of 60%

stake of Dubai Technologies, which has a very synergistic fit with Maqta Gateway. It provides technology such as port terminal operating systems for particularly niche and smaller size ports. This is a good fit for us as we develop out some of our greenfield and brownfield sites.

Pointe-Noire in Africa that we signed, Safaga, they need this type of port community system, important operating systems. And then we now have brought that in-house through this acquisition. Next, please, Marc. I think with the closing of Sesé Logistics and GFS in quarter one 2024, what you can see is the impact of the M&A programme starting to make significant strides onto the P&L. I think we're now seeing a revenue contribution of about 2.9 billion dirhams and an EBITDA contribution of about 530 million in 2023. That will grow in 2024 and we'll see the fruition of some of the synergies and some of the integration work that we're doing with some of the acquisitions that we've made.

But the slide really reiterates the major steps that we made in 2023. I think KGTL, which added almost because it was a fully operational business, added significant revenue to the P&L almost immediately. We have plans to expand the capacity. The volumes are doing very well in Pakistan. And it's an investment that we're very, very pleased with. And we want to build around that investment and extend into logistics to support the infrastructure that we've acquired. Likewise, with Noatum, which we started to consolidate from the last six months. In 2024, we start to get full year effect.

And they're making a significant difference across our business both in the terminals that they operate, the maritime business and from the logistics piece that we're planning to scale and grow as part of our strategy going forward. Next slide, please. These are how our acquisitions over 2023 and historically fit into the strategy. I think that we've talked about what we're trying to build as a very integrated maritime supply chain company or a logistics company. We're building density and service offerings in our core markets, our core geographies and for our core market segments. I think you look at Hinterland Logistics, which is where Sesé came in, it gives us significant capacity to expand the geographic reach of the Barcelona automotive terminal.

It allows us to connect the Barcelona terminal directly with European car manufacturers in Northern Europe and Eastern Europe as far as Poland. And we're moving finished vehicles now by train and truck through the hinterland and through our terminal in Barcelona. It also puts us in five countries and gives us a logistics network focussed on finished [unclear] vehicles, which is a big, big concentration area for the company going forward. In feeder and shipping, we'll introduce you to GFS in the coming slides and the management of GFS. But this is a significant strategic move for the group.

Nothing has really shown us more that having a strong and a significant feeder network when operational issues happen in the global supply chain, as highlighted by the Red Sea issue, the first mover that the group tend to deploy is the shipping arm. And the shipping arm reacts very, very quickly and can deploy its vessels to changing trade patterns, to meet customer needs, to keep the supply chain moving. But because it's a fungible asset base, it is one of the first response units that we have when we see changing trade patterns caused by disruption or caused by long-term shifts in the global supply chain.

We're very pleased to have them on board and you'll hear more from them later. Next slide, please, Marc. And with that, I think I am introducing Amir and Adrian from GFS.

Marc Hammoud Ahmed, has Amir dialled in?

Ahmed Hazem Yes, Marc.

Amir Maghami Yes, [overtalking].

Ahmed Hazem He’s with us. Amir, please go ahead. Amir, we're not able to hear you at this moment.

Amir Maghami Hi, good afternoon. My apologies for that. My name is Amir Maghami. I'm the Chairman of GFS. As Ross explained, it was recently taken over by Abu Dhabi Ports Group. I’m, at the moment, acting Chief Executive Officer of shipping subcluster on the maritime cluster. And GFS is auto operator, a common feeder operator. And we geographically cover from North Asia, all the way to Mediterranean, East Africa, Red Sea, Middle East, Indian subcontinent. And we are expanding further into Mediterranean going forward this year.

Marc Hammoud Amir, do you want to take us through the slides?

Amir Maghami I can, if you would like to, sure.

Marc Hammoud Or Adrian.

Adrian Kulczycki Marc, your call. If you want to take me through, I can go.

Marc Hammoud Yes, go ahead, please.

Adrian Kulczycki Adrian Kulczycki, CFO of Global Feeders here. Our business consists mainly on three business lines, which is feeder, NVOCC and trucking. And they are interconnected. Trucking, we are having currently operations in the East Africa. And this is a long haulage, with the average trip duration about seven days. Ladies and gentlemen, just to give you a feeling of the size of our operations, that we focus on the box in the middle. On average, every 18 seconds, somewhere a container is loaded on our vessel in the world. It shows the capacity, the strength and the network of our operations.

If we may move to another slide, which shows our theatre of operations. Historically, we started in the Middle East and India. And currently, we are the leading feeder operator there. Over 20 years ago, we expanded to Far East, where we are one of the top three operators. And then the Mediterranean region and East Africa, those are the natural direction of our western expansions. You may see Spain, Morocco, Portugal highlighted. This is the development of 2023, which is the part of organising efforts to exercise the synergies inside ADP Ports Group where we are working very closely with Noatum.

This shows how one business unit is following another business unit, just to make sure that we capture whole value chain within the logistics trade. As I said, historically, Middle East and India, this is our centre of operations. This is where we are the strongest feeder player as we speak today. If we can move to another slide? Performance-wise, our revenues hit almost $1 billion in the logistic crunch year in 2022, which has been normalised in 2023, which is still twice more than since 2020. Speaking about revenue breakdown, feeder business, which is a movement of boxes on behalf of our customers, constitutes more than half of our revenues.

The other are related with vessel operations, chartering out and NVOCC movements. NVOCC movement, this is this part of our business when we offer space inside container. This involves container boxes as the asset in our trade. Speaking about geographical structure, I think that pie at the bottom of the slide corresponds quite well with the map. Indian subcontinent, this is 30% of our trade. GCC countries, another 30% of our trade. This short history, this shows market power and our current position. If we can move to the last slide? Thank you so much. This is our capacity, which is around 100,000 TEUs.

And together with other entities inside the maritime cluster, we are operating almost 50 container vessels, which positions us in top 20 container shipping companies in the world. I think that’s it from my side. I will be happy to pass the voice to Marc.

Marc Hammoud Thank you, Adrian. Ross, if you don't mind, we can go through the next three slides and before we get into the financial performance.

Ross Thompson We've talked a little bit about how we intend to integrate GFS into the group. But there are lots of synergies within our existing shipping business and also with our other clusters. And we really see GFS as a catalyst to drive value through our ports business in particular, but also to liquid our logistics business, particularly Noatum and Noatum Maritime, with its agency businesses agency set up around the world, particularly in the Mediterranean areas and Europe. Some of the synergies that we're looking at, GFS will work very, very closely with Safeen Feeders and Transmar, who operate vessel between Egypt, the Red Sea, Egypt and the Gulf region.

Underneath those brands, we'll be creating one operating platform. And of course, all the cost synergies that we expect from that, from procurement, from ship’s fuel, from ship management, these will be all captured by the group across the three brands going forward. We're creating one container and vessel fleet port, which means those three brands can pull from a centralised stock. We've already actually completed that. It's a system that we developed in-house, a digital system we developed in-house. Which means the three brands can on-hire and off-hire containers in different areas of the world when they're available rather than either chartering in from the market or having to reposition empty containers back.

This is something that we're recognising on the P&L as of now and it is making some significant impact. But it also means less than our CapEx because we're now calling group assets, rather than individual brands having to go out to the market to acquire more assets on themselves. Again, leveraging Noatum’s freight forwarding and commercial representation, particularly in the Mediterranean region, wherever GFS operate and we have maritime agency, we will in-house that over a period of time. And we’ll look to extend that intergroup relationship to wherever GFS are as well.

Vice versa, we're looking to extend our agency network through Noatum to service our own vessels in and around the core markets that we serve. Lastly, and we'll be leveraging the group's commercial abilities, the relationships of main lines, to service them in many areas of the world. I think Noatum hold significant mainline and commercial relationships, as do GFS, as does Abu Dhabi Ports Group. And we'll be leveraging on those, both on the buy side and the sell side, to give the group more buying power and more power with our suppliers and our customer base. Next slide, please.

I think one of the highlights for us in 2023 was the performance of our economic and free zone, a cornerstone of our business, a cornerstone of our investment strategy, particularly over the next five years' business plan. We invested 621 million in new warehousing capacity. We have a number of products that we bring to the market, general warehousing. And frankly speaking, that's in very, very high demand. Typically, when we bring new assets to the market, even before they're brought to the market in completion, we have an occupancy rate of 60 to 70%. And it's a product that we're trying to accelerate our building capability because it's in very, very, very high demand.

We also bring together what's called built-to-suit warehouses where we build to customer-specific design, to customer-specific specification. The fitout is done by the customer, but we're building… And on that basis, we rentalise the warehouse over the period of the contract as well as the land leased. We've developed quite core capability of that. It worked very well from a market perspective. It's very highly demanded, particularly from e-commerce players, Noon, which we signed in 2023, and others. And it's a product that we'll be pushing in the market as we go into 24 and 2025.

Next slide, please. I think we touched on this, but we signed a number of different product sectors that were growing in the industrial zones. I think the automotive hub, the food hub and the metals hub that has been developed is attracting a lot of market demand. And key signatories that we had during the year were Kings Aluminium Industries, a 50-year lease in KEZAD, a typical 25- to 50-year lease agreement. The total investment that's been made by the tenant is 750 million dirhams. And it's a semi-green transition plant where it's reducing the carbon footprint associated to aluminium production.

It fits very, very well from the decarbonisation story that we are building within our sectors within KEZAD. I think Excel Astra Engineering & Construction and Gulf Biopolymers also demonstrate the diversity that we have within the portfolio in KEZAD, which is helped by the landmass that we actually have on hold at the moment and how we compartmentalise that into different sectors. Overall, the economic zone leased around about five square kilometres in 2023 of additional land. This is up on the previous record of 4.5. We spoke previously that we believe that we will be sustainably leasing around about five square kilometres of land going forward over the next three, four years.

And then seeing some improvement in that. And we probably hit the five square kilometre this year, probably a year earlier than we expected. We anticipate demand of 4 to 4.5. And I think the performance in the economic zone and the demand that we have on the market, and particularly foreign investment, has been very, very encouraging and continues to look good for 2024. Next slide, please. With that, I'll hand over to Martin and he will take you through the financial performance.

Martin Aarup Thank you, Ross, and good afternoon, everybody. Next slide, Marc. Again, wrapping up, 2023 ended up with a full year revenue more than doubling year-on-year to 11.7 billion, obviously because of the base effect that we had for six months with Noatum. But even when we adjust for the M&A effect, we increased 55% year-on-year. In Q4, our revenue was up by 105%. The full year EBITDA increased 23% year-on-year to 2.7 billion. However, Q4, we had flat performance year-on-year at 524 million. And that was mainly due to more than 200 million of extraordinary one-off items that we booked in Q4, including a 139 million impairment charge for an investment and an associate.

Total net profit reached 1.36 billion, 6% up year-on-year, whereas Q4 decreased 70% year-on-year to 285 due to the extraordinary one-off items. You don't see here that the negative impact of the $200 million at EBITDA level of extraordinary charges flow down to net profit. And main reason for that is that we had some positive effects below the EBITDA line, partly compensating that negative effect. Next slide, please. Operationally, Q4 was another very strong quarter for our ports cluster. General cargo volumes were up 26% year-on-year mainly due to growth in bulk and layby cargo as well as the consolidation of Noatum ports.

The container volumes jumped 13% year-on-year, 6% on a like-for-like basis when you exclude the M&A effect. Overall, utilisation increased from 51% in 22 to 54 in 2023. And for our flagship, Khalifa Port, utilisation increased from 55 in 22 to 58% in 23. There were no significant changes to mix between shipment staying around 60%. RoRo volumes almost increased fourfold, backed by the inclusion of Noatum ports from July last year, as well as the market rebound to pre-COVID levels in Khalifa Port. Also for our cruise, we ended up with record number of passengers increasing 183% year-on-year and, again, exceeding pre-COVID levels.

Next slide, please. In our economic cities, we enclosed to three square kilometres of new land leases in 2023 and 900,000 alone in Q4, ending the year in a strong basis. We continue to see strong demand and also our pipeline is very solid. There's no changes to our guidance. And as Ross mentioned, when we look at the net average annual leases, we expect around three and a half to four square kilometres in our economic cities. The warehouse leases remain strong, with 28% year-on-year increase. And you may remember from previous calls that we almost doubled our warehouse capacity in the last 12 months and utilisations have already reached 87%.

We therefore announce, as Ross showed, the construction start-off of the next phase of new warehouses to cater for the demand. Next slide. For our KEZAD Communities, the bed capacity was up 74% year-on-year, with the addition of Eskan Jamae from January 2023 when we merged the two entities. Occupancy improved both year-on-year and also quarter-on-quarter. Our gas volumes in the cities increased 12% year-on-year in line with demand and the ongoing expansion of our gas networks to be able to cater for that increased demand. Next slide, please. In our maritime and shipping cluster, all operational KPIs developed positively in spite of the normalisation of container freight rates and the renewed supply chains disruption that Ross mentioned.

The feedering container port calls increased 34% year-on-year to 1,237. And container volumes were up 70% year-on-year. And that is, again, excluding GFS that we only consolidate from February of 24. Our container fleet increased from 13 in 22 to 17 in 23. Next slide. We continue to focus on creating a balanced synergistic portfolio of maritime businesses with different market cycles to limit the business performance volatility that we have seen particularly on the container side. And in line with these efforts, we have expanded our dry and liquid bulk as well as the RoRo and MPP vessel fleet from 14 in 22 to 31 in 23.

And similarly, for our other segments, we are gradually expanding our offshore and subsea vessel fleet, which now comprise 56 vessels compared with 46 in 22. Next slide. For logistics, in our logistics trust [unclear], the polymer's volumes increased 4% year-on-year. And that's in spite of our planned shutdown in Ruwais in Q1 of 2023, which basically left out capacity for almost a full quarter. Air freight volumes were down 25% year-on-year on some volumes, as some volumes transferred back to ocean freight post-COVID in line with capacity coming back. Ocean freight volumes conversely increased 8% year-on-year. And that's mainly coming through the Noatum acquisition.

Next slide. As mentioned earlier, overall revenue up by 112% year-on-year and 105% up for Q4. Maritime and shipping cluster almost tripled year-on-year and doubled when excluding pass-through vessel trading revenue. Economic cities' revenue up 7% year-on-year and that's driven by the organic growth in land leases, the warehouse leases and utilities as well as the effect from the merger with Eskan Jamae. Like-for-like revenue, excluding Eskan Jamae, was down by 13% year-on-year due to the ending of the Razeen COVID lease revenue, which was only partly offset in 2023 as we gradually lease our available capacity on a normal commercial basis.

Ports cluster increased 40% year-on-year and 6% on a like-for-like basis, with strong performance across all product types. The logistics cluster revenue more than tripled year-on-year. And that's, of course, due to the acquisition of Noatum Logistics. But also when you exclude that. there was a 5% increase on a like-for-like basis. And lastly, digital up by 13%. Next here. In terms of geographical revenue distribution, there's no changes materially quarter-on-quarter. For the full year, 80% coming from UAE, followed by 12% from Europe, with both Africa and America accounting for 3% each.

Almost 3 billion or 25% of our total 23 revenue came from M&A activities spread across all our clusters. Next slide. In terms of our EBITDA, Q4 was flat, again, year-on-year. And that was due to this more than 200 million of negative extraordinary one-off items, including the 139 million impairment charge for an investment and an associate. In our maritime cluster, we had traded 600 vessels during 2023, which resulted in a gain of around 200 million. During Q4, the maritime cluster was awarded long-term operational contracts for this vessel. And as the two transactions are now considered linked from an accounting perspective, the previous gain had to be reversed in Q4 and will now be amortised over the long-term contract.

And that's why you're basically seeing a gain on vessels in Q3, which is then reversed in Q4, as we have to amortise that gain over the future contract. In spite of this, the maritime cluster EBITDA grew 44% year-on-year to 932 million. Economic cities were up 16% year-on-year, with 10% contribution from Eskan Jamae in Q4. And ports cluster EBITDA with 29% year-on-year increase and 6% on a like-for-like basis, excluding KGTL in Pakistan and Noatum terminals. Logistics cluster down from 188 million in 22 to 16 million in 23. And the main drivers of that were the 139 million impairment of an investment in associate in 23, while we had our one-off gain of 73 million from the sale of a warehouse in 2022.

Digital cluster EBITDA up 15% year-on-year in line with the revenue growth. Next slide, please. Q4 margins and, to some extent, the full year year-on-year margins were impacted by a number of extraordinary one-off items, particularly the 200 million ConRo vessel trading gain, amortisation and maritime and the 139 million impairment made in logistics. Ports, year-on-year slightly lower margin was mainly coming from the change in mix, based on the addition of Karachi Gateway Terminal in Pakistan and Noatum ports. Our medium-term EBITDA margin guidance remain unchanged in the range of 25 to 30% once the revenue mix becomes more stable.

And that's compared to the 23% on a consolidated basis that had in 2023. Next slide. For our balance sheet, total assets grew 44% year-on-year to 55 billion dirhams in 23, in line with the substantial organic and inorganic investments that we made through the year. By end of Q4, 93% of our total assets were deployed in UAE, followed by 4% in Europe and 2% in Africa. Net debt reached 11.8 billion by end of Q4, mainly funding the ongoing organic CapEx programme and the recent acquisitions. In addition to the 3.3 billion cash at hand, we currently have 1.7 billion of credit lines available under the existing debt facilities.

As Marc mentioned, despite the balance sheet becoming more leveraged with a net debt to EBITDA ratio of 4.4 times, it continues to support investment grade credit ratings. And again, when you adjust for the full year effect of some of the recent acquisitions, the 4.4 is below four at this point in time. It's again important to note that the revenues and profits associated with organic and inorganic investments made in 23 have not yet fully been reflected in the group's P&L. And part of that is because of the natural ramp-up period, but also the full year effect of acquisitions that is not yet coming into the P&L.

Next slide, please. For CapEx, reached 1.4 billion in Q4 with full year at 4.6 billion. This is 945 million lower than 2022. And in line with our front loaded at 50 billion CapEx programme between 23 and 27. Imports, we continued the expansion of Khalifa Port for the new CMA terminal as well as the connection to Etihad Rail. Internationally, we started investing in Q4 in Safaga Port in Egypt and also in Karachi Gateway Terminal in Pakistan, which we took over mid last year. For our economic cities, CapEx included build-to-suit assets, warehouses and the specialised industrial clusters that we're currently developing, such as the Metal Park, the Wholesale Food Hub and the Auto Hub.

In maritime and shipping, we expanded our vessel fleet mainly in the liquid bulk and offshore segments. And now we have the addition of GFS coming in, will increase our container sets as well. All key ongoing projects are currently progressing as per plan and within budget. Next slide. Operating cash flow for 23 reached 1.5 billion, slightly lower than 2022 due to some positive payables effect in 2022. Due to the recent rapid growth, we have been investing in working capital, temporarily resulting in a lower cash conversion. We therefore expect a strong rebound in our operating cash flow in 2024, compared to 23.

The free cash flow remained negative in 23 at 5.4 billion, based on the ongoing CapEx programme and acquisitions. Based on current disability and in line with previous guidance, we expect to become free cash flow-positive around 2025. Next slide, please. Next one, please. With the closing of 23, we have updated our medium-term guidance with 2023 as the new baseline. Although some fluctuations may occur quarter-on-quarter, especially like you saw here in

Q4 due to some extraordinary items, we anticipate continuing our annual growth trajectory in 24 and beyond, both in our core businesses and also for the newly acquired companies.

In the medium term, our expectation is to deliver a revenue CAGR of 15 to 20% and an EBITDA CAGR of 20 to 25% between 23 and 28, as well as organic capsule investments around 12 to 15 billion over the period 24 to 28. The CapEx, there's quite an element in terms of discretionary investment CapEx that we have set money aside for. And obviously that's quite flexible and will depend on also market condition whether for the opportunity to invest or not. Due to the basic fact of recent acquisitions, some of the average growth rates will be front loaded and therefore, slightly higher in the coming years compared to the latter years in the projection period.

Again, this is based on currently announced transactions. And anything in terms of M&A transactions that will be announced in the future, we'll be on top of this year and we will provide guidance accordingly. With that, I'll pass back the mic to Marc to conclude.

Marc Hammoud Thank you, Martin. Ahmed, we can open the floor for Q&A.

Ahmed Hazem Thank you, Marc. Hi, everyone. Just as a reminder, 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 one raised hand at the moment from Waruna, from SICO. Waruna, please unmute locally and ask your question, please. Hi, Waruna. Please unmute locally as well and ask your question.

Waruna You can hear me okay?

Ahmed Hazem Yes, we can hear you now. Please go ahead.

Waruna I have three questions on… Starting from this maritime segment, you mentioned about the reversal of this vessel trading gain in the fourth quarter. Correct me if I'm wrong, it was 200 million dirhams of reversal, which you did. And is it fair to assume that if you exclude that adjustment, your EBITDA margin for the segment would have been around mid-teens, around 13, 14%? And what I want to know, again, is that with GFS consolidation, can we expect the EBITDA margins in this segment to be in the same range going forward?

Martin Aarup That was the three questions?

Waruna Yes. My second question is on the minority interest that you reported in the financial, which is a very large amount of minority interest. I want to know where this is coming from. And the last question is on the ports segment. I can see… Again, maybe I'm missing something. But that EBITDA margins, the ports segment has fallen in the fourth quarter. I'm not sure whether this is an adjustment which happened or is it something related to the business. Those are my questions. Thank you.

Martin Aarup I'll try to start out. Yes, for the first one in terms of the effect, the 200 million is correct. That was a reversal in Q4. Marc will just, while I speak, he will calculate what's the implied margin if you adjust for that and also the pass-through revenue, the vessel trading revenue that we booked in Q4 of last year. In terms of the minority interest, basically, this is due to the allocation mix of some of the extraordinary items. One of the extraordinary items that we've done below the EBITDA line is a revaluation. Or actually not a revaluation. It's a reversal of a previous impairment that we have done for Razeen facilities when we took that over back in 2019.

We have since then established KEZAD Communities as a market-leading consolidated integrate of WRCs. When we took over Razeen, it had been sitting idle since its construction in 2011 and 12. And we have then operationalised it. It was leased out fully as COVID quarantine and isolation facilities. And since Q1 of last year, we have been leasing it out on a commercial basis, with a rapid brand [unclear] in utilisation. Therefore, as part of the annual closing, we have done a revaluation or a standard valuation of the properties. And that allowed us to do a reversal of part of the previous impairment made.

Since KEZAD Communities is 48% owned by minority interest, that's why you're seeing that effect spilling over to that effect. And the last one was on the ports segment. If I remember correctly, in terms of the margin going down year-on-year, slightly going down, and if that was the question, the main reason for that is basically due to the mix with the new international terminals being included in the portfolio during 2023. Particularly Karachi and also Noatum ports coming in. There's no underlying pressure on the margins. It's simply an effect of mix. Marc, I just want to ask you, do you have the performer margin if you were to adjust for the ConRo vessel effect in Q4 plus the vessel trading revenue or do we come back with that separately?

Marc Hammoud I'll come back as I'm using my screen now. I'm sharing my screen. I don't have that offhand.

Waruna Just as a follow-up, I think, regarding my first question, my follow-up was on, if you integrate GFS, this segment's margin, can I expect to be the range of the fourth quarter, in maritime [overtalking]?

Marc Hammoud On GFS, we haven't touched on it on the slide. But when it comes to GFS EBITDA margin, we're targeting about 15% in 2024. And you realise the difficulty to come with an accurate estimate on the profitability because typically, in down cycles, you're around 10 to 15%, and upcycles you're more into 20, 25%. This is a pure container business company. And this year, you have so far the Red Sea disruptions, which concern, as you can see on this slide, about 25% of the volumes transported by GFS, which will have a support to the margins. And that's how we arrive at around 15%.

Ross Thompson Marc, if I may. I think what you're asking is, how is the outlook? Because there is part of the business in the maritime that is very rate-dependent, which is the container side of the business. And then the rest of our business tends to be on longer-term contracts. We explained that if you look at the offshore segment, it is in boom cycle and we just added the ten vessels. That will improve the margin outlook of the whole maritime cluster going forward, as will the uplift in container rates, albeit temporary at this point. But likewise, we've just got GFS in the group.

Those synergies that we expect will take some time to filter through to the P&L. But we would expect the first quarter… And I won't go further than the first quarter at this point because of the flux in the market caused by the Red Sea. But

I suspect in the first quarter, you're going to see a much more positive outlook on the margin than you did in quarter four of 2023.

Waruna Thanks a lot. Just one last question. On the ports, the fourth quarter margin, if I work it out, it comes to about mid 40s, about 45%. Is this because of the new ports that you got into the portfolio or is it just an adjustment which we would have done for the closing of it?

Martin Aarup Part of why Q4 is lower than Q3 is because of some consultancy expenses that we booked in the ports segments in Q4. Quarter-on-quarter between Q3 and 4, the underlying margin is the same. And again, when you look at year-on-year, obviously, because of the Karachi coming in mid-year and Noatum ports, there is a slight reduction in the margin, but that's because of the base. But quarter-on-quarter, it's because of some consultancy expenses that was booked in Q4.

Waruna This 45% includes some one-offs, is that correct?

Martin Aarup Correct.

Waruna But normalised will be around 50%?

Martin Aarup Yes. The Q3 would be the range of the normalised EBITDA margins for the ports.

Waruna Thanks a lot. Thank you very much.

Ahmed Hazem Thank you. We'll now move to Anna, Anna Antonova from JPMorgan. Anna, please unmute locally and ask your question.

Anna Antonova A quick question on GFS. Could you please comment what was the rationale behind the revision of terms of the acquisition? And how do you plan to consolidate the 51% stake, whether it will be fully consolidated into P&L or proportionate? And then if you could maybe shed some light on what was EBITDA margin in 2023? Thank you.

Ross Thompson Maybe I'll take the first half of the question and then Martin, you can comment on the consolidation. But I think, from our perspective, it was an ongoing discussion with the family, the previous ownership of GFS. And what was really important for us, particularly guiding through the exposure in the container markets and the market risk it'd take, it was incredibly important for us to sustain the current management and the family with us over the long term. The adjustment was based on discussions with the family about what would incentivise them to stay within the business and to continue to invest in the business alongside us, because we have significant aspirations to grow and enter new markets.

And that's not easy to do. And you need an experienced team. And you need experience within the ownership level and structure. One, it was to really focus down to growth and have a joint investment partner. And two, it was to sustain the family within that. And three, I would add, we have the ability through the agreement to up our ownership at any point in time. Obviously, with agreement of the family. But at any point in time. And that's something we'll look to do at the right time. But because of the growth stage that we want to achieve and the market conditions that surround it, this was a good fit on all sides.

As I understand, we're consolidating fully. And Martin may explain that. And there was a third element to your question, which I forget what it was.

Martin Aarup But I'll take that. That’s no problem. We will fully consolidate with the 51% ownership. We’re going to be a fully consolidated entity from 1st February 2024. You ask about the historic margins. We have disclosed here in the slide that you see here the historic revenue for GFS and also typical margins in different cycles as also what we target in terms of margin for 2024 for GFS. As per the shareholders’ agreement, we’re regretfully not in a position to disclose further pre-closing financial details due to some competitive sensitivities. But I think you should have enough information here in terms of the revenue and the typical margins. And GFS has been not much different from the general market in terms of financial performance.

Anna Antonova Appreciate it. Thanks for the comments. And just maybe a quick follow-up on the question from my previous colleague. Just to reiterate, in terms of new ports, international businesses entering the ports segment, going forward, we would still expect ports on a group level to be a business with above 50% EBITDA margin? Is that correct, given that you commented that 45% margin in Q4 was mainly to some consultancy fees booked, etc, etc.? It's still above 50% margin business going forward, including the Karachi and Noatum and everything else. Is my understanding correct?

Martin Aarup Yes, that's the long-term target. The ports business, as it has traded today, has traded above 50% and quite significantly above that historically. Having said that, when you move from an ownership model like we have in the UAE and you take on concessions, typically concessions are lower margin than an ownership structure. And obviously, you only own in the region or the homeland that you have. We will see a dilution. But our ports business going forward is long-term target. It’s to be sustainably above a 50% EBITDA margin business. We don't see any reason to see a deterioration in that.

Ahmed Hazem Anna, any more follow-ups?

Anna Antonova Understood. Thanks. And just a quick follow-up on the vessel trading activities, I understand that it skewed the performance in the second half of last year. How should we think about this factor going forward? I remember your comment earlier during the call today, that quarter-on-quarter performance will likely be volatile. How should we think about this impact? Because it is a material of addition to revenues and only a fraction to earnings. How should we think about vessel trading activities this year or maybe at least in Q1 or Q2?

Martin Aarup That's a good question. What we conveyed in the last earnings call is that vessel trading activities is an inherent part of our business model. It will occur also going forward, but most likely not to the extent of what we have seen in the second half of 2023. There will be some impact. We would look at how we can disclose that better to make sure that we can adjust for that effect and that volatility that it brings into the maritime cluster.

We have partly tried to do it in this earnings call here in terms of also saying what would be the margins when you're adjusting for the vessel trading activities. And we would look to increase the disclosure on that going forward as well.

Again, I don't expect, when we look at Q1 and Q2, that we will have anything to the same level of what happened in the second half of last year, where there may be one or two vessels traded. But again, as I mentioned, we will try to seek to disclose that in a better fashion going forward so the underlying business can be better assessed.

Anna Antonova Thank you. And perhaps my last question, can you guide or maybe comment qualitatively around where do you reasonably expect leverage to end this year in terms of net debt, EBITDA, whether in normalised terms or what could be expectations for that this year?

Martin Aarup It's a good question, Anna. I will not guide on a specific number. I think the answer will be similarly what we have conveyed in the past. We are steering towards maintaining an investment grade credit rating on a standalone basis. We know that we will have that inflection point coming towards us sometime around the 2025. And that means that we need to manage particularly for 2023 and 2024 in terms of the leverage and particularly the growth and delevered activities. That's what we continue to do. Obviously, it depends also on growth opportunities coming our way.

We are reviewing and looking at all options in terms of also delevering measures to enable potential future growth coming our way. But again, the target remains as is, to maintain investment grade credit rating on a standalone basis. And we do everything we can to steer towards that.

Ahmed Hazem Thank you. I'll ask the investors on the call that have asked their questions to lower their hands if they don't have any further questions. Our next question will come from Graham Hunt. Graham, please, your line is open. Please unmute locally and ask your question. Hi, Graham. You are not audible.

Graham Hunt Hear me?

Ahmed Hazem Hi, Graham. We could hear you there for a moment.

Graham Hunt Can you hear me now?

Ahmed Hazem Yes, you're audible now. Please go ahead.

Graham Hunt Thanks. Thank you very much. Sorry, just some technical difficulties on my side. I think just two questions from me, if I may. First one, I just want to come back to EBITDA margins. If I look at the historical trend, it's been consistently coming down quarter-over-quarter and now sits around mid-teens. And I appreciate that if I add back 200 million-plus of exceptionals, we get to around 20%. But I'd like to understand really how you see yourself getting back up to the 25 to 30% guidance over the mid-term, particularly given GFS will be diluted to that target. The positive effects of the Red Sea disruption is temporary.

And further acquisitions don't feel like they're being accretive to profitability, particularly on the ports segment as we've discussed. Just if you could give some colour around synergies, some actual numbers around synergies that you're getting from the acquisitions and how you see yourself bridging that gap from today up to the guidance would be helpful. And then I'll wait on the second question, if that's okay.

Martin Aarup It's a good question. Part of the reason… And I think that that's, again, the inherent part of our business model. When you look at both our ports and our economic cities, that there's a lot of embedded scale benefits in those businesses. And therefore, there's quite some operational leverage. And as and when we scale up and increase utilisation of the assets that we've already deployed, there is a benefit in terms of the EBITDA margin for those segments. Yes, then there's [unclear] in terms of logistics, where we have grown and also GFS in the maritime sector.

We have come from a historical high during COVID in those sectors in 2022 to basically bottoming out here in 23, as Ross mentioned earlier. Again, what we are trying to do in the maritime sector as well is to have a good blend across the different asset classes and segments that we're having, with a good combination of medium-term to longer-term contracts. And what we also mention here in the slides on the margins, particularly on the container feedering side, again, depending on where you are in the cycles, it can range anything from 10 to 50% in the lower end, to 20 to 25%. That's part of the explanation to that.

Another thing is that as and when we have been acquiring a lot of companies, a big focus of us is, of course, on getting the synergies out of that in terms of our ecosystem, both taking cost out, but also getting the commercial synergies. And that should also be able to support the EBITDA margins going forward. It's a combination of scale benefits. It's a combination of also having the operating leverage, particularly in the infrastructure side of our businesses. And then the synergies and ramp-up of some of the assets that we have deployed in recent years.

Graham Hunt Thank you for that. And then just a second question around CapEx and balance sheet, appreciate the new CapEx guidance. But would it be fair to assume on a 2024 basis that we should be looking at something broadly similar to the investment made in 2023? And then now the follow-up, beyond that CapEx envelope, given where your balance sheet is today, do you see scope for further acquisitions using some of the debt markets? Or do you see any alternative financing approaches that could facilitate further acquisitions from this position, while maintaining that investment grade rating? Thank you.

Martin Aarup On the first part of the question on the CapEx, we previously guided for the 15 billion between 23 and 28. And that was partly front loaded. And reason for that is particularly the big expense that we're currently undergoing in Khalifa Port. When we look at 2024, compared to 2023, depending again also in terms of what vessel expansion or vessel acquisitions we are doing this year, again, depending on market conditions, then I would expect that 2024 would be around the same level in terms of CapEx as 23, maybe slightly lower. For your other questions in terms of the firepower that we have, there's still some room in terms of further doing acquisitions based on our balance sheet right now.

But we also know that the peak average will be in this year until we meet or reach that infection point in terms of FCF next year. Obviously, it's a bit difficult to answer in terms of specific size because, again, it depends, for the acquisition, the size of the sector and the timing and the structure of the deal. But again, the guiding principle is that we will maintain investment grade credit rating and we would use the levers that we have available to us, both in terms of delevering our initiatives, but also in terms of various different instruments to make sure that happens, while continue growing the business as part of our strategy.

Graham Hunt Got it. Thanks very much. That's very helpful.

Ahmed Hazem Thank you. Our next question comes from Jonathan Milan from Waha Capital. Jonathan, please, your line is open.

Jonathan Milan On my end, first of all, which segments would be the fastest growing when you talk about a 20, 25% EBITDA CAGR? And how big do you think the UAE business will be five years down the line? And the second question is, running a few quick numbers on what your EBIT could be over these next five years, plus 15 billion of CapEx vis-à-vis the growth or implied growth in EBITDA from your numbers, it sounds like your EBIT is going to more than triple while your capital will grow by 1.7 times. Do you see, therefore, your ROIC going to the 12, 13, 15%, which is what seems to be implied by your estimates?

Martin Aarup There was one thing in terms of the geographical mix. Again, the… Sorry. First of all, the growth will be which cluster is going to have the fastest growth? It depends again on whether you're talking about EBITDA or revenue. All clusters will have significant growth. The unknown factor here is, again, future acquisitions as well. And that also has an impact in terms of the geographical spread. Obviously, we will see a relatively high growth externally going forward, outside UAE. But UAE will still be the dominant EBITDA contributor in the coming years.

In terms of the ROIC, the ROCE, I need to calculate, do a sense-check on the numbers that you're calculating. But you said mid-teens, if I understood correctly. And at least according to my numbers, we will unfortunately not reach that with the current projections. But I think we can touch base separately in terms of just going through the assumptions just to bridge the gap between what we have and what you may have.

Jonathan Milan But I'm guessing low-teens ROIC and mid-teens ROE.

Martin Aarup That’s your guess. Again, for the CapEx, there's an element in terms of the operational ramp-up period. A lot of the organic CapEx that we're doing is, again, for long-term investments that are going for the next 50 years. There's an element in terms of operational ramp-up period as well.

Jonathan Milan Thank you very much.

Ahmed Hazem Thank you. We don't have any further raised hands, but we do have a few questions that came in the Q&A box. I’ll start off with the first question coming from Saki. What are the key drivers of the positive free cash flow projection for 2025?

Martin Aarup What are the key drivers for 2020… Sorry. For the inflection point in terms of becoming free cash flow-positive by 2025. Main reason is that we currently have a big CapEx programme. And that's predominantly related to the expansion of Khalifa Port that we're doing for the new CMA terminal, which will largely be done by the end of this year. And then obviously, because of the acquisitions that we're doing and scaling of the businesses, that we expect to reach that inflection point, becoming free cash flow-positive around 2025. And again, that depends a little bit on future acquisitions, but also additional growth projects that we may come across in the coming year.

But it's going to be around that time. And main reason is that we would have finalised then the major expansion of Khalifa Port.

Ahmed Hazem Thank you, Martin. We have a couple of questions coming in on the logistics margins, excluding the impact of the Aramex impairment. And what is the normalised level of EBITDA margin for the logistics cluster and the normalised sustainable margin for the maritime segment as well?

Martin Aarup Marc or Ross, will you take that?

Marc Hammoud Can you repeat the question, Ahmed?

Ahmed Hazem Yes. We have a couple of questions here in the Q&A box coming in asking on the normalised level of EBITDA margins for the logistics and maritime clusters. What will the normalised level of margin for these clusters specifically be?

Marc Hammoud For the logistics with Noatum, I think the Q3 and Q4 are a good indication. Somewhere between 8 to 10% should be a sustainable level of margins. But correct me if I'm wrong, Ross, that's on the logistics. And then on the maritime, again, when it comes to the container business, we talked about it. It will be primarily run by GFS and we're expecting 15%. But that's around 30, 40% of the maritime business as it stood in 2023. The rest is yielding higher margins, whether it's dry, liquid, bulk, offshore, marine services. That should lift up the margin profile of the maritime and shipping.

But again, the difficulty is to know where we stand in the cycle of the container. But I would say on a sustainable basis, somewhere between mid-teens, 15 to 25%, for the maritime and shipping cluster. I know it's wide, but again, that's because on the container side, there's more cyclicality. And that cyclicality is offset by the rest of the business under maritime and shipping. And that's what we've been explaining again and again, is that we're also investing heavily in other parts of the maritime and shipping.

If you look at the past six to 12 months, apart from GFS, the bulk of our investment under that cluster has been in diversifying the business segments, investing more heavily in businesses where the medium- to long-term prospects are less cyclical, less volatile and more favourable than just the pure container business. 15 to 25% EBITDA margin is where we can, I think, deliver going forward.

Ahmed Hazem Thank you, Marc. Our next question comes on the CapEx. And if all of the ongoing and slash planned CapEx projects have already been financed or is there any need of further financing to come?

Martin Aarup The CapEx that we're announcing for the five years is fully incorporated on finances as part of our business plan.

Ahmed Hazem Thank you, Martin. Our next question comes from Ankit Bansal mainly on Indonesia. Ankit is asking that your strategy has been to grow and scale in important trade lanes and you have a very strong footing in MENA, Europe and South Asia. Do you consider Indonesia to be an important destination for AD Ports? And if so, would you be open to go into Indonesia through organic or inorganic opportunities, logistics, ports and maritime?

Ross Thompson I can answer that. If the question is around Indonesia, then it's a significant market. I think, from population size, I think it's around about one of the top five most heavily populated countries. It has a GDP growth that's above global norms. And it has a middle-class per capita growth. A very young population. I think average age around 33. And disposable income is grown substantially in that market. Is it an area of the world where we believe trade and logistics requirements and shipping logistics will grow and become a very important centre for those sectors?

The answer is very much, yes, we do. And it is an area of the world where I think that Southeast Asia in particular, linking these economies to China, linking these economies to the Middle East, is very, very important for trade going forward. It's a fantastic opportunity for the group. And we would look very positively at projects that will come up now. And of course, they would have to have good returns to them. Of course, they would have to meet company thresholds. But if there was good opportunities, I think that the company would be in a very strong position to take those.

Ahmed Hazem Thank you, Ross. We don't have any further raised hands or questions in the Q&A box. Marc, Martin and Ross, back to you for any closing remarks.

Marc Hammoud Thank you, Ahmed. Thank you, everyone, for attending the call. As usual, we'll post all the materials as soon as possible on our website and then send them through email to the distribution list. We look forward to interacting with you. We will be attending two of the upcoming conferences, of course the EFG Hermes conference early March, but closer to us, there will be also the HSBC conference at the end of February, both in Dubai. And I've seen many of the names that we met in the past and new names already booked with us. Looking to interact on one-on-one and group meetings. Thank you very much and speak soon.

Ahmed Hazem Thank you for the AD Ports management team and thank you, everyone in attendance. This now concludes the call. You may now disconnect.