

AD Ports Group Delivers an Impressive 56% YoY Increase in EBITDA and 42% Growth in Total Net Profit in Q2 2024

Condensed Consolidated Profit & Loss

AED m	Q2 2023	Q1 2024	Q2 2024	Q2 2024 vs. Q2 2023	H1 2023	H1 2024	H1 2024 vs. H1 2023
Revenue	2,060	3,888	4,181	103%	3,877	8,069	108%
EBITDA ¹⁾	686	1,039	1,070	56%	1,385	2,109	52%
EBITDA Margin %	33.3%	26.7%	25.6%	-7.7%	35.7%	26.1%	-10%
Profit Before Tax and Minorities	311	462	493	59%	674	955	42%
Total Net Profit	310	400	439	42%	673	839	25%
Net Profit Attributable to the Owners of the Company	286	314	333	16%	617	646	5%
Non-Controlling Interests	24	86	106	339%	56	192	244%
Reported EPS (AED) ²⁾	0.06	0.06	0.07	16%	0.12	0.13	5%

- 1) EBITDA is calculated by taking net profit and adding depreciation and amortization, finance costs, income tax expense, 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

Revenue

- More than doubled Year-on-Year (YoY) to AED 4.18 billion in Q2 2024
- Driven by organic growth in the Ports, Logistics and Digital Clusters, and by the acquisitions of Noatum and GFS on the inorganic front
- +6% YoY on a Like-For-Like (LFL) basis, adjusted for M&A impact
- 46% of H1 2024 revenue were long-term/sticky revenue (vs. 44% of Q1 2024 revenue)

EBITDA

- Soared 56% YoY to AED 1.07 billion in Q2 2024, +8% YoY on a LFL basis
- EBITDA margin stood at 25.6% in Q2 2024 (vs. 33.3% in Q2 2023 and 26.7% in Q1 2024)

Profits

- Total Net Profit reached AED 439 million in Q2 2024, +42% YoY, and +55% YoY adjusted for the introduction of corporate income tax in the UAE
- Net Profit After Minorities reached AED 333 million in Q2 2024, +16% YoY

Condensed Consolidated Balance Sheet & Cashflow Statement

AED m	Q2 2023	Q1 2024	Q2 2024	Q2 2024 vs. Q2 2023	H1 2023	H1 2024	H1 2024 vs. H1 2023
Total Assets	49,515	58,254	61,407	11,891	49,515	61,407	11,891
Total Liabilities	26,953	33,300	34,205	7,252	26,953	34,205	7,252
Total Equity	22,562	24,953	27,201	4,639	22,562	27,201	4,639
Net Debt ³⁾	9,577	14,330	15,273	5,696	9,577	15,273	5,696
Net Debt / EBITDA (x) ³⁾	3.5	3.4	3.6	-	3.5	3.6	-
Return on Average Capital Employed - RoACE (%) ⁴⁾	4.8%	6.5%	6.6%	-	4.8%	6.6%	-
Cash Flow from Operations	508	781	591	16%	843	1,372	63%
CapEx	(1,836)	(1,271)	(1,176)	-36%	(2,852)	(2,447)	-14%
Cash Flow Used in Investing Activities	(3,616)	(2,790)	(1,310)	-	(4,495)	(4,100)	-
Free Cash Flow (FCFF)	(3,108)	(2,009)	(719)	-	(3,652)	(2,728)	-

- 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 defined as earnings before interest and impairment divided by average opening annual balance and period end balance of equity and external borrowings (excluding lease liabilities) less cash, and excluding government grants, where earnings are annualized based on the YTD results for the respective period.

Balance Sheet

- Total Assets grew 24% YoY to AED 61.4 billion in Q2 2024, whilst Total Equity increased 21% YoY to AED 27.2 billion
- Net Debt to EBITDA ratio remained well under control at 3.6x in Q2 2024, slightly up from 3.5x in Q2 2023 and 3.4x in Q1 2024, on the back of limited increase in Net Debt and strong quarterly EBITDA performance
- At the end of the month of July, AD Ports Group's 'A+' And 'gcAAA' ratings were affirmed by S&P Global on improved operational performance; outlook stable
- The affirmation of the Group's credit ratings recognises its resilient business model and growth strategy

Capex

- AED 1.18 billion was spent on organic growth Capital Expenditure (CapEx) in Q2 2024 (AED 2.45 billion in H1 2024), in line with the Group's organic capital investment guidance of AED 12-15 billion for the next five years, between 2024 and 2028, and its yearly guidance of AED 4-4.5 billion

Cash Flows

- Operating Cash Flow (OCF) reached AED 591 million in Q2 2024, whilst Free Cash Flow (FCFF) remained negative at AED 719 million due to the continued heavy organic CapEx programme

Key Business Highlights

- 50-year land lease agreement signed with UAE-based Astha Biotech for a 38,000 sqm facility in KEZAD Al Ain for the production of microalgae used in the health, cosmetic, food, and aquaculture industries
- Three concession agreements signed for cruise terminal operations at Safaga, Hurgada, and Sharm El Sheikh ports in Egypt
- 50-year land lease agreement signed with UAE-based National Marine Dredging Company (NMDC) for a new 224,000 sqm facility in KEZAD designated for modular fabrication primarily targeting the regional oil & gas industry

- AD Ports Group partnered with Adani Ports to enter Tanzania by acquiring a 30% stake in TICTS, which operates Container Terminal 2 at Dar es Salaam Port
- 50-year land lease agreement signed with UAE-based Ducab Metals Business for expanding the latter's manufacturing capabilities in KEZAD, adding 51,000 sqm to the existing 50,000 sqm facility specialised in copper and aluminium products and solutions
- Noatum, an AD Ports Group company, launched maritime services in Türkiye
- 50-year land lease agreement signed with UAE-based Golden Spike and Wheat for a 26,000 sqm bakery and sweets manufacturing facility in KEZAD
- AD Ports Group acquired an 81% stake in a JV that secured a 20-year concession agreement to upgrade and operate the existing Luanda multipurpose port terminal in Angola, and a 90% stake in another JV that will serve the terminal and the broader Angolan logistics market
- Strategic agreement signed with ADNOC Distribution for marine lubricants supply to customers in the UAE in initial stages, and globally at a later stage

Key Market Update and Outlook

- The industry-wide disruptions since December 2023, forcing vessels on the main East-West shipping lane to divert and take longer routes around the Cape of Good Hope, have been causing challenges for global supply chains
- Geopolitical tensions in the Middle East, which arguably have been deteriorating since the beginning of the year, have led to continued attacks on ships in the Red Sea / Gulf of Aden, which in turn have resulted in continued logistics and supply chain disruptions
- The beginning of the peak shipping season, longer ocean transits to avoid passage through the Red Sea, and port congestion at some major hubs forcing vessels to skip ports or reducing their time at port (thus not picking up empty containers) in an effort to remain on track for delivery, have further hit the flow of global trade in Q2 2024
- Container market demand remained strong, and both ocean freight and air cargo rates strengthened further during the quarter
- Supply chain disruptions caused by the Red Sea situation and its resulting consequences are now expected to continue at least until the end of 2024
- Despite a lack of visibility on global macro for the remainder of the year and newbuild container ship deliveries expected to bring 2.8 million TEUs to the market in 2024 (1 million TEUs in the first 4 months of 2024), resulting in a lack of clarity on the supply-demand dynamics in Q4 2024, supply chain disruptions are largely expected to continue to support both demand and rates in Q3 & Q4 2024, given the estimated 10% to 20% additional industry capacity vessel rerouting that will be required to avoid the Red Sea



Captain Mohamed Juma Al Shamisi, Managing Director and Group CEO, AD Ports Group

“Our strong second-quarter results provide further compelling proof of the success of AD Ports Group’s targeted, value-enhancing international expansion, which is being driven not only by acquisitions, but also by solid organic growth across our core businesses. Looking ahead to the remainder of 2024 and beyond, we are on course for the profitable internationalisation of the Group. As we continue along this exciting journey, we remain inspired and guided by our wise leaders’ vision of a future marked by global connectivity, sustainability and innovative thinking to guide us through the current geopolitical headwinds.”



Martin Aarup, Group Chief Financial Officer, AD Ports Group

“Our strong Q2 2024 financial results reflect the effects of recent accretive acquisitions, and the positive organic growth of our five-pillar business portfolio, which was led during this period by our Ports, Logistics and Digital clusters. The Group recorded EBITDA of AED 1.07 billion in Q2 2024, up 56% year-on-year, and 8% on a like-for-like basis excl. the base effect of M&A. As our group expands and grows more international, we are committed to steering AD Ports Group profitably through macroeconomic turbulence whilst leveraging future growth opportunities as they arise.”



Ross Thompson, Group Chief Strategy and Growth Officer, AD Ports Group

“As the strategic gateway to the Arabian Gulf region’s fastest growing economy, AD Ports Group has logged another quarter of record revenue and earnings growth, supported by the acquisitions of Noatum and GFS, and strong underlying organic growth from a majority of our core businesses. Looking ahead, we plan to accelerate this strategy of ‘intelligent internalisation’ to leverage synergies of our expanding business ecosystem and global footprint to drive the economic diversification of the UAE away from the energy sector.”



Financial & Operational Performance by Cluster



ECONOMIC CITIES & FREE ZONES

Financial Performance - AED m	Q2 2023	Q1 2024	Q2 2024	YoY (%)	LFL (%)	H1 2023	H1 2024	YoY (%)
Revenue	440	461	471	7%	7%	870	932	7%
EBITDA	297	305	257	-13%	-13%	591	562	-5%
EBITDA Margin (%)	67%	66%	55%	-	-	68%	60%	-
Operational KPIs								
Land Leases (sq km)	66.1	68.7	69.3	5%	5%	66.1	69.3	5%
Land Lease Net Additions (sq km)	0.7	1.4	0.6	-16%	-16%	1.7	2.0	21%
Warehouse Leases ('000 sqm)	434.4	515.6	535.9	23%	23%	434.4	535.9	23%
Warehouse Utilization (%)	74%	88%	92%	-	-	74%	92%	-
KEZAD Communities Leased Beds	65,362	82,764	85,698	31%	31%	65,362	85,698	31%
KEZAD Communities Bed Occupancy (%)	49%	61%	63%	-	-	49%	63%	-
Gas Volumes (m MMBTU)	4.9	4.9	6.7	38%	38%	9.8	11.6	18%

- EC&FZ Cluster's solid quarterly financial performance was driven by KEZAD Communities and warehouse leases on significantly higher utilisation rates and by stronger gas volumes
- Profitability was impacted by a one-off of AED 31 million and higher provisions of AED 18 million
- 0.6 sq km of additional land leases (net) were signed in Q2 2024, taking the YTD performance to 2.0 sq km, in line with the 3.5-4.0 sq km annual guidance



PORTS

Financial Performance - AED m	Q2 2023	Q1 2024	Q2 2024	YoY (%)	LFL (%)	H1 2023	H1 2024	YoY (%)
Revenue	307	565	563	83%	13%	621	1,128	82%
EBITDA	166	249	235	42%	6%	339	484	43%
EBITDA Margin (%)	54%	44%	42%	-	-	55%	43%	-
Operational KPIs								
General Cargo Volumes (m tons)	8.8	13.4	12.8	46%	-2%	18.6	26.1	41%
Container Volumes (m TEUs)	1.2	1.4	1.6	34%	19%	2.3	3.0	31%
Container Capacity Utilization (%)	56%	55%	62%	-	-	54%	61%	-
Ro-Ro Volumes ('000)	61.7	307.0	384.9	524%	67%	119.7	691.9	478%
Cruise Passengers ('000)	66.1	379.8	17.7	-73%	-73%	480.6	397.5	-17%

- The Ports Cluster's quarterly strong financial performance came primarily from the general cargo, container, and Ro-Ro businesses, which were supported by inorganic contributions (container and general cargo terminals in Pakistan-Karachi and Noatum Terminals), whilst the continued ramp-up of South Quay and KPL at Khalifa Port sustained good momentum in the ports leasing business
- Adjusted for M&A effect, the Ports Cluster's revenue increased by a healthy 13% YoY in Q2 2024
- Profitability came down slightly as a result of the continued revenue mix evolution
- Quarterly container throughput recorded strong growth, driven by higher overall utilisation of 62% compared to 56% in Q2 2023 and 55% in Q1 2024. At Khalifa Port, which accounted for 85% of total container throughput, utilisation at the two operational container terminals increased sharply to 71%, up from 60% in Q2 2023 and 62% in Q1 2024. On an LFL basis (adjusted for KGTL in Pakistan-Karachi and Noatum Terminals), container volumes grew an impressive 19% YoY for the quarter

- General cargo volumes rose by 46% YoY to reach 12.8 million tons in Q2 2024, compared with 8.8 million tons in Q2 2023, largely driven by the consolidation of Noatum Terminals and KGTML in Pakistan-Karachi
- Ro-Ro volumes increased more than sixfold YoY to 385,000 vehicles in Q2 2024, including the consolidation of Noatum Terminals' volumes. On a LFL basis (adjusted for Noatum Terminals), the strong 67% YoY growth was driven by a higher-than-usual transshipment business and higher O&D volumes for one of the Group's key accounts
- Cruise passenger volumes dropped 73% YoY during the quarter due to the impact of the Red Sea disruptions on the Aqaba Cruise Terminal operations, and due to a base effect coming from ad hoc business booked last year in April and May (after the usual cruise season that runs up until March in the UAE) that was not repeated this year



MARITIME & SHIPPING

Financial Performance - AED m	Q2 2023	Q1 2024	Q2 2024	YoY (%)	LFL (%)	H1 2023	H1 2024	YoY (%)
Revenue	1,160	1,731	1,994	72%	-3%	2,075	3,726	80%
EBITDA	281	436	534	90%	9%	570	970	70%
EBITDA Margin (%)	24%	25%	27%	-	-	27%	26%	-
Operational KPIs								
Feeder Container Services	10	23	23	130%	-	10	23	130%
Container Vessel Fleet	13	49	49	277%	-	13	49	277%
Feeder Container Volumes (K TEUs)	104	450	617	496%	-	214	1067	399%
Bulk, Ro-Ro, Multipurpose Vessel Fleet	23	26	28	22%	-	23	28	22%
Offshore & Subsea Vessel Fleet	46	114	109	137%	-	46	109	137%

- The Maritime & Shipping Cluster's quarterly strong financial performance was primarily driven by the inorganic effect of GFS and Noatum Maritime
- On a LFL basis, the 3% YoY revenue decline came from an unfavourable base effect due to vessel trading activities that generated a revenue of AED 141 million in Q2 2023. LFL growth if adjusted for vessel trading activities in Q2 2023 would be +11% YoY
- In the Shipping business, which represented 58% of the cluster's total revenue in Q2 2024, up from 54% in Q1 2024 given the full 3-month contribution of GFS, container capacity and services were boosted by the acquisition of GFS
- The Offshore & Subsea business, adjusting for vessel trading revenue of AED 141 million in Q2 2023, grew 39% YoY on the back of the acquisition of 10 vessels in November 2023 and the supportive market dynamics
- Profitability benefited from the Red Sea disruptions, which translated into continued robust demand and higher rates, and the initiation of synergy initiatives like optimisation of service network, asset pooling, and customer cross-selling



LOGISTICS

Financial Performance - AED m	Q2 2023	Q1 2024	Q22024	YoY (%)	LFL (%)	HI 2023	HI 2024	YoY (%)
Revenue	127	1,081	1,080	753%	37%	266	2,161	712%
EBITDA	21	93	96	354%	154%	53	189	258%
EBITDA Margin (%)	17%	9%	9%	-	-	20%	9%	-
Operational KPIs								
Polymer Volumes (m Tons)	1.06	1.13	1.20	13%	-	1.91	2.33	22%
Air Freight Volumes (Tons)	6,893	7,749	8,605	25%	-	14,866	16,353	10%
Ocean Freight Volumes ('000 TEUs)	116	97	98	-15%	-	202	195	-3%

- The Logistics Cluster's quarterly exponential growth in both revenue and EBITDA in Q2 2024 was the result of Noatum Logistics and Sesé Auto Logistics consolidation, and improved performance overall, including the commencement of operations of ADL-Ulanish, a new logistics JV in Uzbekistan
- LFL growth was largely supported by the polymer business, which witnessed a revenue increase of 53% YoY in Q2 2024
- The decline in ocean freight forwarding volumes was due to the unfavourable base effect in Q2 2023, which benefited from significantly higher business in the Eastern Mediterranean region following the earthquake that took place in Türkiye
- Rebound in air freight forwarding volumes was the result of stronger demand from some existing key customers, stronger commercial capabilities in the American continent, and the signing of new customers



DIGITAL

Financial Performance - AED m	Q2 2023	Q1 2024	Q22024	YoY (%)	LFL (%)	HI 2023	HI 2024	YoY (%)
Revenue	117	151	154	32%	17%	217	305	40%
EBITDA	67	94	50	-26%	-27%	126	144	14%
EBITDA Margin (%)	58%	62%	32%	-	-	58%	47%	-
Operational KPIs								
FLS Transactions	39,495	41,398	42,182	7%	-	90,677	83,580	-8%

- The Digital Cluster's quarterly financial performance was strong from a top line perspective, with a mix of organic (solution development and security services) and inorganic (acquisition of Dubai Technologies finalised at the beginning of March 2024) growth drivers
- FLS transactions, which represented 20% of the cluster's total revenue in Q2 2024, continued to grow at a steady rate
- However, EBITDA performance was impacted by higher provisions and higher operating expenses, notably in relation to the renewal fees of application licenses

– END –



Earnings Call Details

Tuesday, 13 August 2024 | 13:00 (UK) | 15:00 (KSA) | 16:00 (UAE) | 8:00 (EST)

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About AD Ports Group:

Established in 2006, AD Ports Group today serves as one of the world's premier facilitators 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 & Shipping, Logistics, and Digital, AD Ports Group's portfolio comprises 28 terminals, with a presence in over 50 countries, 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.

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