AD Ports Group Announces Record Full-Year 2023 Revenue of AED 11.7 billion, a 112% YoY Increase, with EBITDA Increasing 23% YoY to AED 2.7 billion and Net Profit Rising 6% YoY to AED 1.4 billion

- Revenue soared 112% Year-on-Year (YoY) to AED 11.68 billion in 2023 (+105% YoY to AED 3.57 billion in Q4 2023).
- EBITDA increased 23% YoY to AED 2.67 billion in 2023 (flat performance YoY at AED 524 million in Q4 2023 due to extraordinary one-off items)
- EBITDA margin stood at 22.8% in 2023 (14.7% in Q4 2023)
- Profit Before Tax reached AED 1.41 billion in 2023, +10% YoY (-21% YoY to AED 273 million in Q4 2023 due to extraordinary one-off items)
- Total Net Profit reached AED 1.36 billion in 2023, +6% YoY (-17% YoY to AED 285 million in Q4 2023 due to extraordinary one-off items)
- Net Profit Attributable to Owners reached AED 1.09 billion in 2023, -13% YoY (-72% YoY to AED 91 million in Q4 2023) primarily due to extraordinary one-off items
- AED 4.57 billion was spent on growth capital expenditure (CapEx) in 2023, AED 945 million lower than 2022, as the Group continued to press ahead with its organic capital investment plans of around AED 15 billion between 2023 and 2027
- Free Cash Flow (FCF) remained negative at AED 5.41 billion in 2023 vs. negative AED 4.40 billion in 2022 due to the front-loaded nature of the ongoing organic CapEx programme and acquisitions / investments

Abu Dhabi, UAE – 14 February 2024: AD Ports Group (ADX: ADPORTS), a leading global facilitator of logistics, industry and trade, today announced its preliminary financial results for the 12 months ending 31st December 2023, reporting strong operational and financial performance, with revenue more than doubling year-on-year (YoY) to AED 11.68 billion, +58% YoY to AED 8.71 billion on a like-for-like (LFL) basis after adjusting for the effect of mergers and acquisitions (M&A). In the last quarter of 2023, the Group's revenue soared by 105% YoY to AED 3.57 billion (+41% to AED 2.45 billion on a LFL basis).

Revenue growth was driven by the Maritime & Shipping, Ports, Logistics, and Digital Clusters, as well as M&A effect, particularly the completion of the Noatum acquisition on 30th June 2023 (six-month impact).

The Maritime & Shipping Cluster also booked pass-through vessel trading revenues in Q3 & Q4 2023, with no associated profits. Adjusting for vessel trading activities, Group revenue would have increased by 77% YoY in 2023 (+23% YoY on a LFL basis).

EBITDA was impacted by a notable non-cash exceptional one-off impairment charge of AED 139 million related to an investment in a listed associate in Q4 2023. Adjusting for the negative impact of this one-off, EBITDA would have increased by 29% YoY in 2023

Despite strong top-line and operating results, higher depreciation and amortisation charges, including amortization of intangibles following the finalisation of the purchase price allocation process of recent acquisitions, as well as finance costs and tax weighed on total net profit performance.

Revenues and profits associated with organic and inorganic investments made in 2023 have not yet been fully reflected in the Group's financial performance due to (i) the long-term nature and required operational ramp-up of organic investments, and (ii) the need for a longer period to extract full synergies from acquired assets.

Normalisation of interest rates going forward will also help narrow the gap between top-line and bottom-line growth.

Operational Performance

Operationally, the **Ports Cluster** saw container throughput grow to 4.91 million Twenty-foot Equivalent Units (TEUs) in 2023, +13% YoY (+7% YoY to 1.25 million TEUs in Q4 2023), driven by higher overall utilisation of 54% in 2023 compared to 51% in 2022, and 58% versus 55% at Khalifa Port specifically. On an LFL basis, container volumes grew 5% YoY.

General cargo volumes rose by 26% YoY to reach 40.0 million tonnes in 2023, compared with 31.7 million tonnes in 2022 (+13% YoY on an LFL basis).

Ro-Ro volumes jumped almost fourfold YoY to 777,000 vehicles, capturing six months of Noatum's volumes (+48% YoY on an LFL basis), while cruise passenger volumes soared 183% YoY despite the Red Sea disruptions impacting operations at the Aqaba Cruise Terminal in Q4 2023 (accounting for 11% of total cruise volumes in 2023).

In the **Economic Cities & Free Zones (EC&FZ) Cluster**, 5.0 sq km of gross new leases were signed in 2023 (2.9 sq km on a net basis). Occupancy in KEZAD Communities continued to improve, reaching 60%, up from 43% at the end of 2022, and the demand for gas remained strong, with gas volumes increasing 12% YoY.

In the **Maritime & Shipping Cluster**, all operational indicators recorded strong growth in 2023. The total vessel fleet reached 226, up from 178 in 2022, adding capacity across all shipping segments (container, dry & liquid bulk, offshore & subsea, Ro-Ro, and multipurpose); feedering container port calls increased by 34% YoY; feedering container volumes soared 70% YoY to 525,000 TEUs; and marine services activities (vessel calls, towing services, pilot services) all experienced double-digit growth YoY.

In the **Logistics Cluster**, polymer volumes increased 4% YoY, while global ocean and air freight forwarding volumes increased 8% YoY and declined 25% YoY, respectively, in the context of a challenging environment characterised by softer demand and normalizing freight rates.

In the **Digital Cluster**, single-window transactions exceeded 33 million, including strong E-Pass volumes for ports access while foreign labour services (FLS) transactions and maintenance and services activities related to external projects also supported the performance of the Cluster.

Captain Mohamed Juma Al Shamisi, Managing Director and Group CEO, AD Ports Group, said: “Navigating the continually evolving, and at times unpredictable, landscape of global trade, our strategic investments have positioned AD Ports Group at the forefront of innovation and growth. Our focus on expanding our infrastructure and enhancing operational efficiencies continue to set a new benchmark for excellence in the maritime and logistics sector. This steadfast approach, guided by the vision of the UAE’s wise leaders, has led us to contribute significantly to the economic diversification and industrial advancement of our nation.”

Financial Performance

EC&FZ recorded a revenue increase of 7% YoY to reach AED 1.78 billion in 2023, driven by organic growth in land leases, warehouse leases, and utilities, as well as the impact of the EAJ merger. Although the enlarged KEZAD Communities’ bed occupancy continued to improve, EC&FZ LFL revenue growth declined 13% YoY due to the cessation of Razeen COVID-19 lease revenue, which was only partially offset in 2023. The Cluster’s EBITDA amounted to AED 1.26 billion for the year, supported by a one-off gain of AED 98 million in Q4 2023, translating into an EBITDA margin of 71% (or 65% excluding the one-off gain in Q4 2023), compared to 66% in 2022.

The **Ports Cluster**’s revenue grew by 40% YoY to AED 1.59 billion in 2023, fuelled by strong growth of 27%, 214%, and 25% YoY in general cargo, Ro-Ro, and cruise revenues. This growth was bolstered by the six-month contribution of Noatum for the general cargo and Ro-Ro performance, while the cruise passenger business continued its resurgence in the post-COVID era, especially in the UAE. Container concession fees at Khalifa Port delivered a healthy revenue growth of 7% YoY in 2023, underpinned by a steady container volume growth of 6% YoY from the two operational container terminals - ADT and CSP. Additional container revenues, including that from the container terminal in Karachi (KGTL) and Noatum’s container activities in Spain, further boosted performance in the container segment. Adjusting for the M&A effect, primarily from Noatum’s Terminals business in Spain and KGTL in Pakistan (both contributing for six months, from July 2023 onwards), Ports Cluster revenue increased by 6% YoY in 2023. The Cluster EBITDA reached AED 827 million in 2023, implying an EBITDA margin of 52%, slightly diluted from 56% in 2022 due to the change in business mix from international activities.

In 2023, the **Maritime & Shipping Cluster** continued to be the revenue growth engine of the Group. Its revenue almost tripled to AED 6.29 billion in 2023 (+102% YoY excluding the pass-through vessel trading revenues in Q3 & Q4 2023) and surged 154% YoY on a LFL basis despite the sharp decline in freight rates in the container shipping segment. Excluding both the M&A effect as well as vessel trading activities in Q3 & Q4 2023, Maritime & Shipping Cluster revenue was up 62% YoY. The Maritime & Shipping Cluster was the largest revenue contributing cluster, accounting for 43% of Group revenue (adjusted for the pass-through revenue associated with vessel trading activities in the second half of 2023), and the second largest Group EBITDA contributor, representing 28% of the total. Additional investments were made in dry & liquid bulk, offshore & subsea, and Ro-Ro vessel capacity to continue to diversify the revenue mix and build a synergistic portfolio of assets less susceptible to fluctuating market dynamics. In May 2023, AD Ports Group acquired five bulk carriers for AED 459 million and three crude oil tankers for AED 496 million. In November 2023, the Group purchased two additional oil tankers for AED 130 million and 10 offshore vessels for AED 735 million. In 2023, the cluster EBITDA amounted to AED 932 million, translating into an EBITDA margin of 22% after adjusting for the pass-through vessel trading revenues recorded in Q3 & Q4 2023. This compares to 30% EBITDA margin in 2022 as container freight rates normalised and as the cluster revenue mix continued to evolve.

The **Logistics Cluster's** revenue jumped 264% YoY to AED 1.94 billion in 2023, primarily driven by the six-month consolidation of Noatum's logistics business. LFL revenue growth for the Logistics Cluster reached 5% YoY, in line with the 4% YoY growth in polymer volumes. EBITDA was adversely impacted by an AED 139 million impairment charge related to an investment in a listed associate and an unfavourable base effect, with 2022 including an AED 73 million one-off gain from the sale of a warehouse as part of a new long term contract with a strategic customer. Adjusting for the one-off impairment charge, EBITDA stood at AED 155 million in 2023, implying an EBITDA margin of 8%.

The **Digital Cluster's** revenue grew by 13% YoY to AED 454 million in 2023 (+10% YoY on a LFL basis, adjusting for the TTEK Inc. acquisition). This growth was driven by higher revenue from Foreign Labour Service (FLS) transactions, E-Pass activities and external projects on the organic front, as well as the acquisition of TTEK Inc. The cluster's EBITDA amounted to AED 251 million, resulting in an EBITDA margin of 55%.

On the **Balance Sheet** front, total assets grew 44% YoY to AED 55.39 billion in 2023, while shareholders' equity increased 8% YoY to AED 20.83 billion. Despite the balance sheet becoming more leveraged with a net debt to EBITDA ratio of 4.4x following substantial organic and inorganic investments in 2023, it continues to support investment-grade credit ratings.

The Group's **Capital Expenditures (CapEx)** reached AED 4.57 billion in 2023, AED 945 million lower than 2022. This is in line with the Group's front-loaded AED 15 billion organic capex programme between 2023 and 2027 (five-year period).

Cash Flow from Operations declined 8% YoY to AED 1.50 billion in 2023 due to temporary negative working capital movements associated with the recent rapid growth while **Cash Used in Investing Activities** amounted to AED 6.91 billion and **Cash from Financing Activities** amounted to AED 7.92 billion.

In total, the Group inked five **M&A** transactions worth AED 2.2 billion in 2023 (versus AED 5.9 billion in 2022), focussing mostly on bolt-on, small and medium size acquisitions such as TTEK and Sesé Auto Logistics, as well as on both greenfield and brownfield port concessions, including Safaga port in Egypt, Pointe Noire port in Congo Brazaville, and Karachi Gateway Terminal Ltd. (KGTL) in Pakistan.

Market Update

2023 was a period during which demand rationalised and freight rates normalised for the maritime and logistics industries after the exceptional highs experienced during the COVID-19 pandemic in 2020-22. Significant corrections were seen in air, ocean, and road freight rates against this challenging backdrop. AD Ports Group, mainly exposed through its container feedering and Noatum Logistics businesses, demonstrated resilience once again and continued to deliver strong underlying results. This was achieved by further broadening its service offerings and investing in capacity and businesses with attractive medium-term prospects, such as dry & liquid bulk, Ro-Ro, and offshore & subsea services.

Last year ended with renewed supply chain pressures caused by geopolitical tensions in the Middle East and the resulting Red Sea disruptions. These disruptions have significantly altered market perspectives moving into 2024, positively affecting both volumes and prices. The increased transit time of around two weeks for vessels on the main East-West trade lane, rerouted through the Cape of Good Hope, has resulted in a stronger demand for tonnage. This, in turn, has not only been absorbing new supply coming online, but also initiated an upward trend in freight rates, mainly for ocean freight at this time.

Looking ahead, persistent Red Sea disruptions are expected to continue to bolster both rates and demand for freight and might have a more pronounced knock-on effect on AD Ports Group operations.

Martin Aarup, Group Chief Financial Officer, AD Ports Group, said: "Through prudent financial management and strategic capital allocation, we have ensured that AD Ports Group remains resilient in the face of global economic fluctuations. Our latest financial results reflect our rigorous focus on synergistic growth, cost optimisation and revenue diversification. By maintaining a solid balance sheet and prudent investment principles, we continue positioning AD Ports Group for creating sustainable growth and long-term shareholder value."

Ross Thompson, Group Chief Strategy and Growth Officer, AD Ports Group, said: "The cornerstone of our growth strategy lies in identifying and capitalising on emerging opportunities that align with our core competencies. Our recent expansions and partnerships and resulting strong financial results, are a direct reflection of this forward-thinking approach, aimed at accelerating our entry into new markets and segments. By staying ahead of industry trends and adapting swiftly to the dynamic needs of our stakeholders, AD Ports Group is not just growing; we are shaping the future of the maritime and logistics industries."

Post 2023 Fiscal Year-End Events

After the 2023 fiscal year ended, AD Ports Group completed the acquisition of Global Feeder Shipping (GFS), a global container shipping company, on 31st January 2024, but under revised terms. Instead of the 80% equity stake initially announced in November 2022, AD Ports Group has acquired a 51% stake for an Enterprise Value of AED 1.9 billion (USD 510 million), with an option to increase ownership by another 20% in 2026. At the end of 2023, GFS was the third largest feeder shipping business globally, with a 34-vessel fleet, covering a comprehensive network of 19 services across the GCC, Red Sea, Indian Subcontinent, Southeast Asia, and Mediterranean region. This acquisition positions AD Ports Group as the largest pure feeder operator in the region, with a container vessel fleet of 50 and 25 services in total, and the third largest globally by container capacity, with over 125,000 TEUs.

Other notable events following the 2023 fiscal year-end include:

- AD Port Group, through Noatum Terminals, acquired APM Terminals Castellón in Spain for EUR 10 million. Together with its existing multipurpose terminal, Noatum Terminals' combined capacity in Castellón has expanded to 250,000 TEUs in the container business and 2 million tonnes of bulk cargo, in addition to its Ro-Ro capabilities.
- Maqta Gateway, part of the Digital Cluster, made its first international venture in Aqaba (Jordan) to deploy a Port Community System (PCS) digital solution through Maqta Ayla, established as a 51/49 joint venture (JV) between Maqta Gateway and Aqaba Development Corporation (ADC).
- KEZAD Group, part of the EC&FZ Cluster, announced plans to add 250K sqm of new warehousing capacity by end of 2025. This 43% increase in total warehousing capacity will require an AED 620 million investment, driven by continued strong demand for industrial and logistics facilities in Abu Dhabi.
- Through Noatum, AD Ports Group completed the acquisition of 100% ownership of Sesé Auto Logistics, the Finished Vehicles Logistics (FVL) business of Grupo Logístico Sesé, for EUR 81 million, enhancing Noatum's standing in the European automotive logistics market. Sesé Auto Logistics specialises in the road transport logistics of light and heavy vehicles, operates in most European countries, with offices in Spain, Germany, Poland, Czech Republic, and Hungary, and a fleet of over 200 trucks covering more than 30 million km annually.
- AD Ports Group, in partnership with Kaheel Terminals, secured a second port concession agreement in Karachi (Pakistan) for Bulk and General Cargo operations. The JV plans to invest approximately AED 275 million (USD 75 million) in the first two years, covering upfront fees, prepayments and investments in superstructure and equipment, with a further investment of AED 367 million (USD 100 million) within five years to increase efficiency and capacity by 75%, enabling the terminal to handle up to 14 million tonnes per annum.

- AD Ports Group's Maqta Gateway acquired a 60% stake in Dubai Technologies, a Dubai-based trade and transportation solutions developer, for AED 28 million. This sum includes deferred and performance-linked earnout payments. The acquisition broadens its digital trade portfolio, and also enhances Maqta Gateway's inhouse capabilities, realises cost synergies and further strengthens its position as the leading developer of cutting-edge digital trade solutions.

AD Ports Group credit rating of A+ was reaffirmed by S&P and Fitch multiple times post-listing and post-acquisition announcements.

On 8th February 2022, the Group's shares began trading on the primary market of the Abu Dhabi Securities Exchange (ADX), under the ticker symbol "ADPORTS". In 2023, the stock increased around 10%, after an increase of 80% in 2022. This performance places "ADPORTS" among the top three best performers of new listings in the region since the end of 2021.

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Summarised Consolidated Financial Results

AED m	Q4 2022	Q3 2023	Q4 2023	Q4 2023 vs. Q4 2022	2022	2023	2023 vs. 2022
Revenue	1,743	4,235	3,566	105%	5,498	11,679	112%
EBITDA [1)]	525	759	524	0%	2,175	2,668	23%
EBITDA Margin %	30.1%	17.9%	14.7%	-15%	39.6%	22.8%	-17%
Profit Before Tax	345	464	273	-21%	1,286	1,411	10%
Total Net Profit	344	403	285	-17%	1,284	1,360	6%
Attributable to the Owners of the Company	331	381	91	-72%	1,248	1,089	-13%
Non-Controlling Interests	13	22	194	1442%	36	271	652%
Reported EPS (AED) [2)]	0.07	0.07	0.02	-73%	0.25	0.21	-15%
Total Assets	38,512	52,202	55,389	16,877	38,512	55,389	16,877
Total Liabilities	18,877	28,967	31,111	12,234	18,877	31,111	12,234
Total Equity	19,635	23,235	24,278	4,643	19,635	24,278	4,643
Cash Flow from Operations	372	(579)	1,239	233%	1,626	1,502	-8%
CapEx	(1,317)	(630)	(1,482)	13%	(5,521)	(4,576)	-17%
Cash Flow Used in Investing Activities	(1,337)	(822)	(1,597)	19%	(6,025)	(6,913)	15%
Free Cash Flow (FCFF)	(965)	(1,401)	(358)	-63%	(4,398)	(5,411)	23%
Net Debt [3)]	4,276	11,393	11,771	7,496	4,276	11,771	7,496
Net Debt / EBITDA (x) [3)]	2.0	4.0	4.4	2.4	2.0	4.4	2.4
Return on Average Capital Employed - RoACE (%) [4)]	7.7%	6.5%	5.7%	-200bps	7.7%	5.7%	-200bps

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
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) Return on Average Capital Employed (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

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