

GFS Acquisition

November 2022



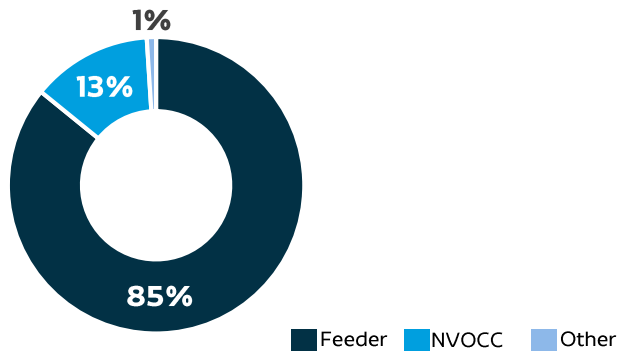


GFS at a Glance

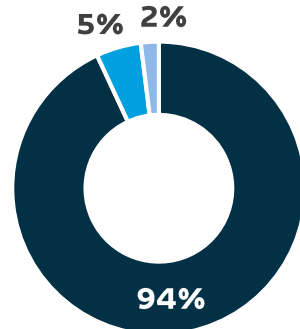
AD Ports Group to acquire 80% of Global Feeder Shipping (GFS)

- Global Feeder Shipping (GFS) is the **3rd largest feeder shipping business globally**, and the **largest in the Middle East** based on its operated capacity of 72,500 TEUs
- **22 owned and 24 operated vessels, 9K owned and 31K operated containers** across its Feeder and NVOCC business segments
- Operates a **comprehensive service network of 20 services across 4 subregions** (GCC, Red Sea, Indian Subcontinent and South East Asia)
- GFS generated **\$1,085m of Revenue, \$521m of EBITDA** and **\$481m of Net Profit** in LTM September 2022
- GFS delivered a cash conversion of **c.135% in 2020 c.110% in 2021 and c.86% in 9M'22⁽¹⁾**

2021 Revenue by Segment⁽²⁾



2021 Gross Profit by Segment⁽²⁾



Feeder



Vessel Owner / Operator, providing slots on a vessel to main liners and chartering vessels

NVOCC



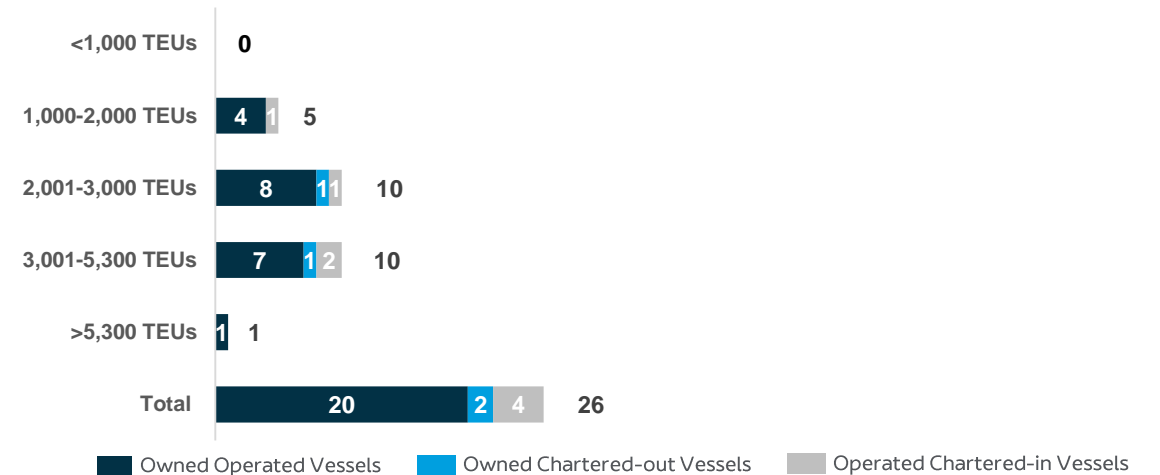
Non-vessel operating carriers providing freight on containers to 3rd parties

Trucking






Road transport in African countries: Kenya, Uganda and Rwanda

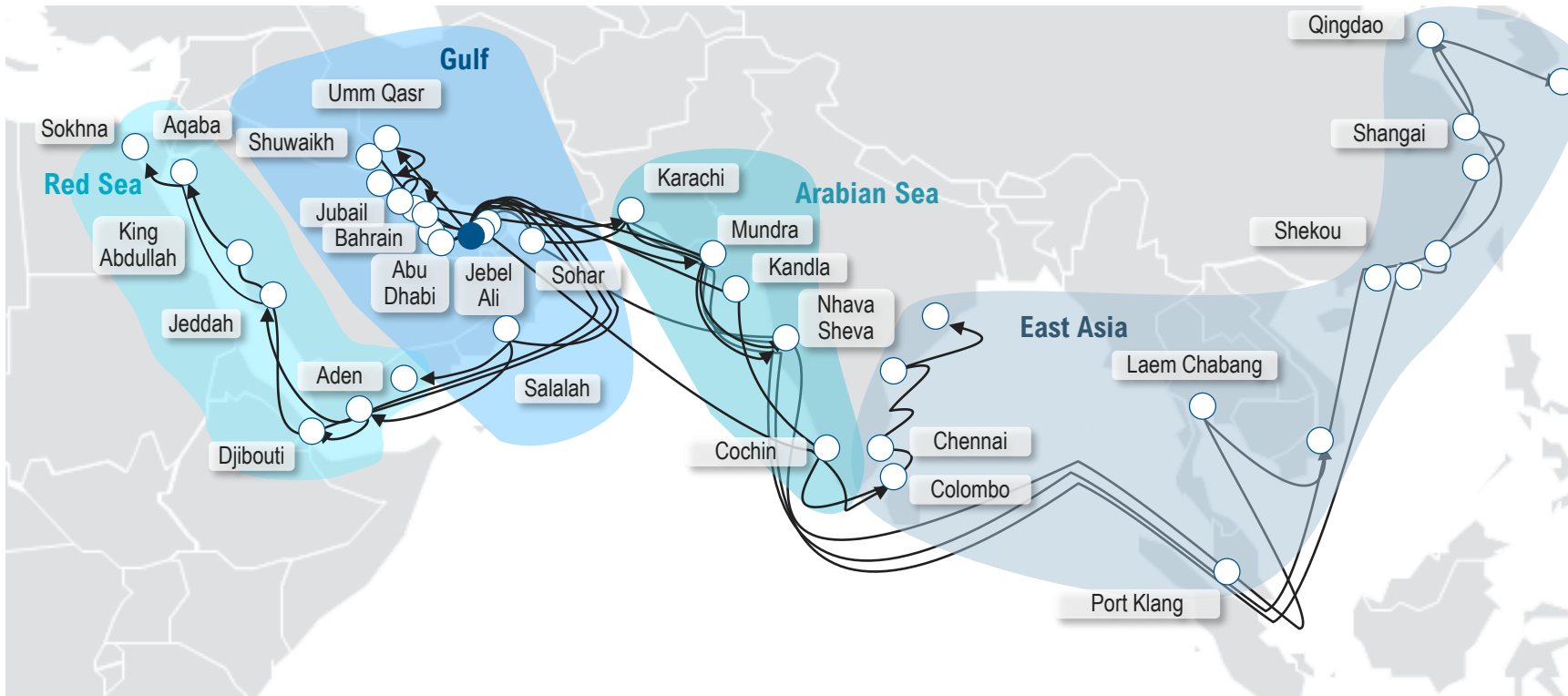
Maritime Fleet Overview



Notes: (1) Operating Cash Flow / EBITDA, (2) Inclusive of inter-company revenue and costs













GFS Operates 20 Services Covering the GCC, Red Sea, Indian Subcontinent and South East Asia Regions

 **24** vessels operated by GFS and **45** operated by GFS + JVs ⁽¹⁾
 **20** services
  **72,500** TEUs capacity of vessels operated by GFS ⁽¹⁾



● Main Hubs
 ○ Other ports
 → Services

Hubs Served⁽²⁾

GCC	 6 vessels including 4 operated by GFS  4 services  8,902 TEU
Red Sea	 7 vessels including 7 operated by GFS  5 services  15,182 TEU
Indian Subcontinent	 15 vessels including 7 operated by GFS  8 services  24,681 TEU
South East Asia	 16 vessels including 5 operated by GFS  3 services  20,201 TEU

Notes: (1) Includes GFS Precious that has come online in July 2022 (vessel with capacity of 3,534 TEUs), (2) Excludes GFS Precious since service lines and hubs are still unknown

Transaction Details

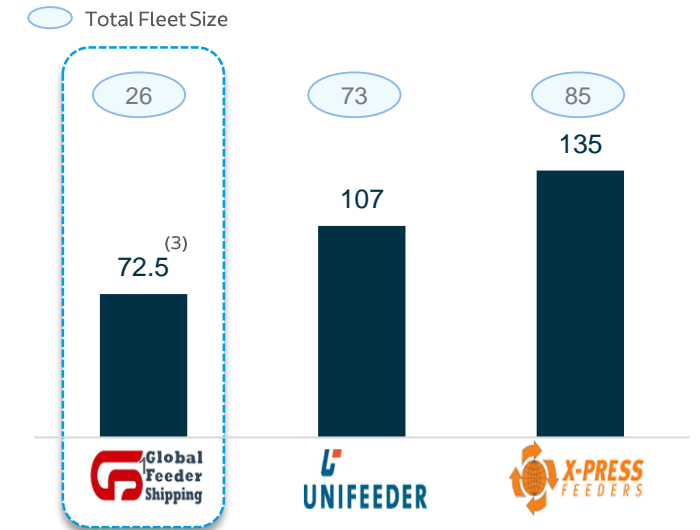
Transaction Details

- With the acquisition of GFS, AD Ports Group will become the **largest pure feeder operator in the region and the 3rd largest globally by container capacity with close to 100K TEUs**
- **Enterprise Value of \$800m for 80% stake**
- **Implied Enterprise Value / EBITDA of ~1.9x based on LTM performance September 2022** (vs. a median of 6.8x for similar precedent transactions⁽¹⁾ and 6.6x for DP World’s acquisition of Unifeeder in 2018)
- Transaction base case scenario factors a **correction of 60% in the freight rates** gradually over the coming years from the peak rates in 2022
- Subject to regulatory approvals the deal is expected to **close by Q1 2023**

Limited options of independent feeder players with appropriate scale and geographies

- **GFS is the best acquisition fit of top global feeder operators:** Unifeeder has already been acquired by DP World and X-Press Feeders does not have the same geographical fit as GFS
- GFS is an **independent operator with appropriate scale and geographies**
- GFS boasts **strong track record of growth** coupled with **healthy utilisation rates**
- Exposure to **the UAE’s core trading partners - GCC, Red Sea, Indian Subcontinent, and South East Asia**
- **Attractive growth profile** with target to increase capacity up to 118K TEUs (+ 63%) in the medium term

Feeder Capacity Benchmarking (K TEUs)⁽²⁾





Good Strategic Fit with AD Ports Group

1

Complementary asset base and services that will boost AD Ports Group's **regional and global footprint**

2

Will reinforce AD Ports Group vertically integrated business model, offering end-to-end supply chain solutions by **drastically improving connectivity to core markets: GCC, Red Sea, Indian Subcontinent, and South East Asia**

3

Stronger client relationships that will enable to **influence trade routes, offer cross-selling opportunities, and increase our share of wallet**

4

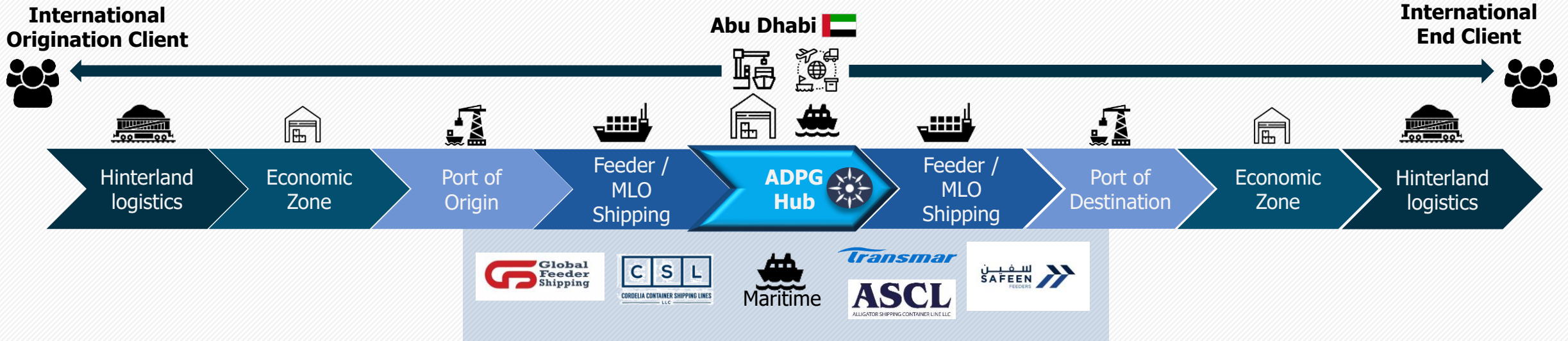
Highly complementary business with Safeen Feeders, Transmar, and Alligator Shipping that will provide AD Ports Group with **economies of scale and synergies** through an expanded route network and vessel fleet

5

Knowledgeable and experienced management team, with a proven track record in setting up one of the world's leading feeder shipping businesses, **who will stay post acquisition**

In Line with AD Ports Group Strategy to Build Supply Chain Density Along Key Supply Chains

Logistics - Build a series of vertically-integrated, AD-intermediated global (3PL) supply chains to capture maximum value and build supply chain resilience for customers



 **Digital Solutions (PCS, ATLP, etc.)**



Revenue and Cost Synergies Through Expanded Route Network and Vessel Fleet

Cost and Operational Synergies

- Personnel costs
- Administrative expenses
- Agent costs
- Terminal expenses
- Equipment Synergies
- Other operational expenses

Up to \$5m of direct annual cost synergies potential or c.5% of 'normalized' medium term EBITDA

Other Revenue and Cost Synergies

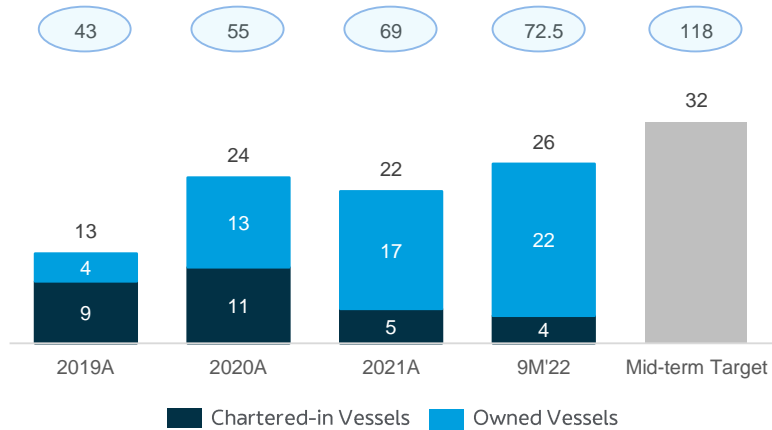
- Higher vessel fleet utilisation through combined service network
- Stronger lever to negotiate purchase discount for new vessels
- Improved access to financing to accelerate growth
- Optimized service network through combined capacity
- Potential re-routing of some of GFS volumes in other UAE ports (0.7mTEUs in 2021) to AD Ports Group's terminals in Abu Dhabi



GFS Operational KPIs: Continued Growth

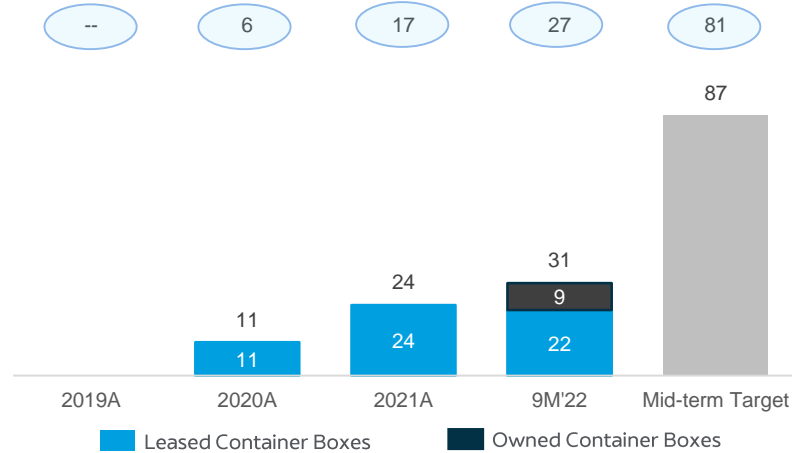
Fleet Size (# Vessels)

○ Average Total Fleet Capacity⁽¹⁾ (K TEUs)

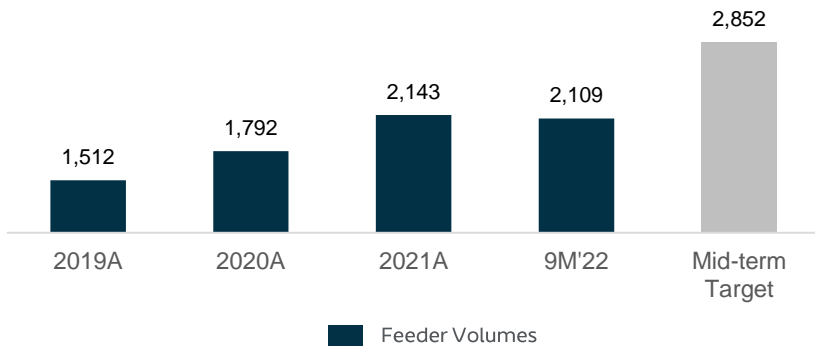


NVOCC - Container Boxes (K)

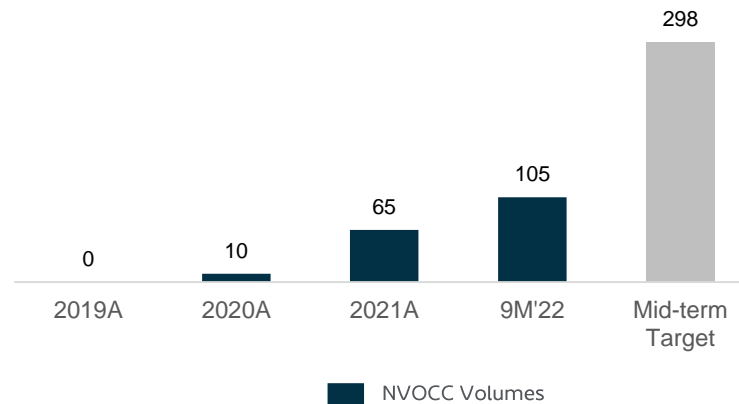
○ Average Container Boxes Capacity (K TEUs)



Total Feeder Volumes (K TEUs)



Total NVOCC Volumes (K TEUs)



Management Commentary

- Historical **high utilization rates** which are expected to remain high going forward
- Mid-term target is to continue to **grow both vessel fleet size and numbers of container boxes (NVOCC) to support overall volume growth**

Notes: (1) GFS operated capacity



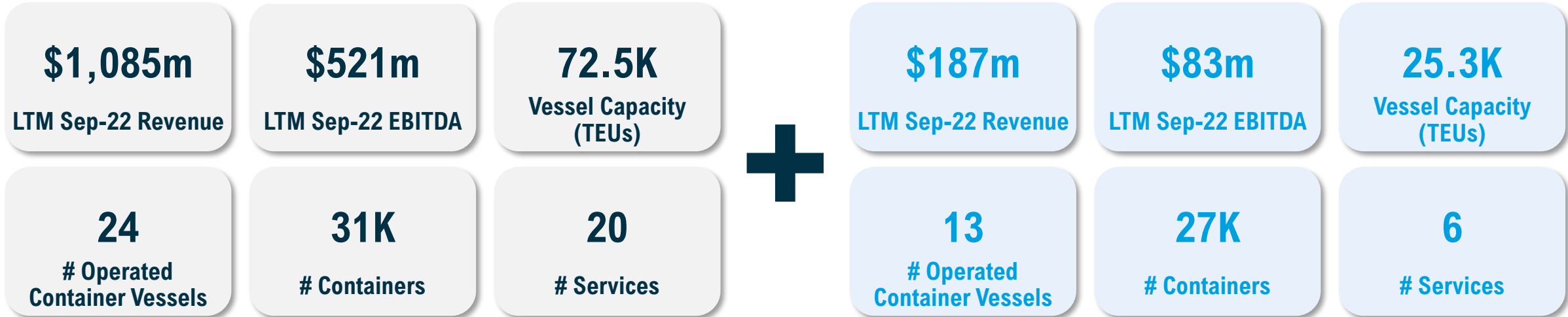
GFS Financial KPIs

Metric	9M 2022
EBITDA Margin	50%
Operating Cash Flow	\$374m
Cash Conversion ⁽¹⁾	86%
Free Cash Flow ⁽²⁾	\$294m
Total Debt (Sep'22)	\$86m
Book Value of Vessel Fleet (Sep'22)	\$284m
Market Value of Vessel Fleet (Sep'22) ⁽³⁾	\$891m

Management Commentary

- **EBITDA Margin** is expected to stabilize at **c.20% in the next 3-5 years**
- **c.60% EPS accretion for 2023 based on consensus estimates of AED0.24**, factoring a transaction fully funded through debt and an average cost of debt of 5.5%

Forming the 3rd Largest Pure Feeder Operator by Container Capacity Globally



Regional Feeder Champion



#1

Feeder Business in ME



#3

Feeder Business Globally



\$604m

LTM Sep-22 EBITDA



47.5%

EBITDA Margin



97.8K

Vessel Capacity (TEUs)



2.5m

Annual Feeder Volumes (TEUs)

Thank you

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