

## RATING ACTION COMMENTARY

# Fitch Affirms Abu Dhabi Ports Company at 'A+'; Outlook Stable

Fri 11 Feb, 2022 - 05:07 ET

Fitch Ratings - London - 11 Feb 2022: Fitch Ratings has affirmed Abu Dhabi Ports Company PJSC's (ADP) Long-Term Issuer Default Rating (IDR) at 'A+'. Fitch has also affirmed ADP's euro medium-term notes programme (EMTN programme) and the USD1 billion 2031 senior unsecured notes at 'A+'. The Outlooks are Stable.

## RATING RATIONALE

ADP has finalised placement of additional 1,250 million common shares. The offering diluted the Abu Dhabi government's (AA/Stable) ownership of ADP to 75.44% from 100%. The newly-placed shares were mostly allocated among UAE-based entities and UAE-national individuals. The shares have the same rights and obligations.

In Fitch's opinion, placement of the 24.56% shares does not change ADP's overall assessment under Government-Related Entities Rating (GRE) criteria as an entity with strong linkage with the Abu Dhabi government. In Fitch's opinion, the government (via Abu Dhabi Developmental Holding Company, ADQ) will continue to have full control of the board of directors as well as strategic, operational and financial direction of ADP, which remains strategically important to Abu Dhabi. The company has a special status as Abu Dhabi's exclusive developer and regulator of non-oil and gas ports. ADP is also one of the key companies that fosters Abu Dhabi's non-hydrocarbon economy and diversification.

## KEY RATING DRIVERS

Fitch rates ADP using a top-down rating approach under its GRE criteria. ADP is rated two notches below the government of Abu Dhabi, which reflects our assessment of its strong linkage with Abu Dhabi government. ADP is 75.44% owned by the government of Abu Dhabi via ADQ, which Fitch views as an instrumental state-owned holding company of the government's interests in various public companies.

We assess ADP's Standalone Credit Profile (SCP) at 'bbb+', which reflects a largely contracted revenue base resulting in long-term cash flow visibility and stability, and synergies with industrial zones that should fuel the group's Khalifa Port (KP) operations. It also reflects the group's expected re-leveraging due to a large but flexible capex plan, which will be funded from a mix of cash flow generation, equity injections and debt.

### Risk Assessments

Fitch assesses ADP's GRE risk factors as follows:

Status, Ownership and Control - 'Very Strong'

Support Track Record and Expectations - 'Strong'

Socio-Political Implications of Default - 'Strong'

Financial Implications of Default - 'Moderate'

Fitch assesses ADP's SCP risk factors as follows:

Revenue Risk - Volume: 'Midrange'

Revenue Risk - Price: 'Stronger'

Infrastructure Development /Renewal Risk: 'Midrange'

Debt Structure: 'Midrange'

For further details on ADP's key rating drivers see "Fitch Assigns Abu Dhabi Ports Company First-Time 'A+' IDR; Outlook Stable" dated 22 April 2021 at

[www.fitchratings.com](http://www.fitchratings.com).

## **PEER GROUP**

The closest peer in our portfolio is DP World PLC (DPW, BBB-/ Stable). DPW is much larger in size and geographically diversified but ADP has lower leverage and a largely contracted revenue base, which ensures long-term cash-flow visibility and stability and justifies rating differential.

## **RATING SENSITIVITIES**

### **Factors that could, individually or collectively, lead to negative rating action/downgrade:**

- A downgrade of Abu Dhabi's sovereign rating;
- A perceived reduction in implied support and commitment from the government, as well as in the importance of ADP to Abu Dhabi government's strategic objectives.

### **Factors that could, individually or collectively, lead to positive rating action/upgrade:**

- An upgrade of Abu Dhabi's sovereign rating or an upward reassessment of one of the qualitative factors under our GRE Criteria.

## **BEST/WORST CASE RATING SCENARIO**

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

## **TRANSACTION SUMMARY**

ADP is an Emiri-decreed company, consolidated under Abu Dhabi's balance sheet. ADQ oversees ADP's strategic decisions and ADP's board members predominantly comprise prominent Emiratis who work for Abu Dhabi GREs.

Established in 2018, ADQ is an Abu Dhabi-based investment and holding company with a broad portfolio of major enterprises in various sectors UAE's economy, including energy

and utilities, food and agriculture, healthcare and life sciences, and mobility and logistics. As a strategic partner of Abu Dhabi's government, ADQ's is committed to accelerate the transformation of the emirate into a globally competitive and knowledge-based economy. Fitch views ADQ as a government-owned holding company of the state's interests in related companies as operations and debt are largely at subsidiaries level.

ADP's flagship KP is strategically integrated with the economic and free zone of Kizad, which should increasingly feed port operations. In 2020, the government transferred its ownership of ZonesCorp to ADP, which adds new industrial zones to ADP's portfolio and will benefit from strategic alignment with Kizad. Both Kizad and Zonescorp are intended to facilitate industrial diversification and provide infrastructure support in a cost-efficient manner to increase contribution of industrial activities to the emirate's GDP.

## **CREDIT UPDATE**

In 2021, based on preliminary unaudited financials, revenue grew 14% yoy to AED 3.9 billion (USD1.1 billion) compared with AED3.4 billion (USD0.9 billion) in 2020, driven by volume growth and new partnerships. Preliminary unaudited EBITDA increased to AED1.6 billion (USD 434 million), up from AED1.5 billion (USD422 million) in 2020.

Based on preliminary data, container volumes increased 5% yoy to 3.4 million twenty-foot equivalent units in 2021. Container volumes were 22% higher than the pre-pandemic level of 2019 due to increased connectivity and trans-shipment volumes amid higher demand for goods. General cargo volumes rose sharply by 50% to 45 million metric tonnes in 2021, up from 30 million metric tonnes in 2020.

In January 2022, ADP received ownership stakes from ADQ in two listed companies, comprising a 22.3% stake in logistics firm Aramex and a 10% stake in UAE-based contractor National Marine Dredging Company.

In February 2022 ADP finalised placement of additional 1,250 million common shares. The shares were listed on Abu Dhabi stock exchange. The placement's key purpose is to raise funds for ADP's growth projects, including asset acquisitions.

## **Summary of Financial Adjustments**

EBITDA-margin projections are adjusted to include as operational expenses the financing costs and amortisation of right-of use reported according to IRFS 16 guidelines, resulting in lower EBITDA.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

ADP's rating is two notches below the government of Abu Dhabi's.

## ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg)

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
Abu Dhabi Ports Company PJSC	LT IDR	A+ Rating Outlook Stable		A+ Rating Outlook Stable
	Affirmed			
Abu Dhabi Ports Company PJSC/Debt/1 LT	LT	A+ Rating Outlook Stable	Affirmed	A+ Rating Outlook Stable

[VIEW ADDITIONAL RATING DETAILS](#)

## FITCH RATINGS ANALYSTS

**Alexey Kobylanskiy**

Associate Director

Primary Rating Analyst

+44 20 3530 1786

[alexey.kobylanskiy@fitchratings.com](mailto:alexey.kobylanskiy@fitchratings.com)

Fitch Ratings Ltd  
30 North Colonnade, Canary Wharf London E14 5GN

**Julio Garcia-Gabilan**

Analyst

Secondary Rating Analyst

+44 20 3530 2618

julio.garcia-gabilan@fitchratings.com

**Paolo Alessi**

Senior Director

Committee Chairperson

+39 02 879087 299

paolo.alessi@fitchratings.com

**MEDIA CONTACTS**

**Athos Larkou**

London

+44 20 3530 1549

athos.larkou@thefitchgroup.com

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

**PARTICIPATION STATUS**

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

**APPLICABLE CRITERIA**

[Government-Related Entities Rating Criteria \(pub. 30 Sep 2020\)](#)

[Ports Rating Criteria \(pub. 15 Oct 2020\) \(including rating assumption sensitivity\)](#)

[Infrastructure and Project Finance Rating Criteria \(pub. 23 Aug 2021\) \(including rating assumption sensitivity\)](#)

**APPLICABLE MODELS**

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v7.9.0 (1)

## **ADDITIONAL DISCLOSURES**

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

## **ENDORSEMENT STATUS**

Abu Dhabi Ports Company PJSC

UK Issued, EU Endorsed

## **DISCLAIMER**

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings). IN ADDITION, THE FOLLOWING [HTTPS://WWW.FITCHRATINGS.COM/RATING-DEFINITIONS-DOCUMENT](https://www.fitchratings.com/rating-definitions-document) DETAILS FITCH'S RATING DEFINITIONS FOR EACH RATING SCALE AND RATING CATEGORIES, INCLUDING DEFINITIONS RELATING TO DEFAULT. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT [HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://www.fitchratings.com/site/regulatory). FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE OR ANCILLARY SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF PERMISSIBLE SERVICE(S) FOR WHICH THE LEAD ANALYST IS BASED IN AN ESMA- OR FCA-REGISTERED FITCH RATINGS COMPANY (OR BRANCH OF SUCH A COMPANY) OR ANCILLARY SERVICE(S) CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH RATINGS WEBSITE.

[READ LESS](#)

## **COPYRIGHT**

Copyright © 2022 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically



mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

[READ LESS](#)

## **SOLICITATION STATUS**

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

## **ENDORSEMENT POLICY**

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

---

Infrastructure and Project Finance   Middle East   Asia-Pacific   United Arab Emirates

---