

Bulletin:

# Abu Dhabi Ports' Equity Placement Will Temporarily Boost Financial Buffers

February 8, 2022

DUBAI (S&P Global Ratings) Feb. 8, 2022--S&P Global Ratings today said that the sale of 24.56% of the shares of Abu Dhabi Ports Co. PJSC will boost the company's financial buffers because the company will retain the UAE dirham (AED) 4 billion raised. We understand Abu Dhabi Ports will use the funds to invest in its growth plans across five business clusters, including potential mergers and acquisitions (M&A). Abu Dhabi Ports is expected to have high growth-oriented capital expenditure (capex) over the next three years.

We expect the listing will temporarily improve Abu Dhabi Ports' leverage ratios and balance sheet on receipt of the consideration. We expect improved S&P Global Ratings-adjusted funds from operations (FFO) to debt of 25%-33% and adjusted debt to EBITDA of 2.5x-3.0x for Abu Dhabi Ports in 2022 before the ratios normalize to FFO to debt of 21%-26% and adjusted debt to EBITDA of 3.5x-4.0x. The increase in leverage in 2023 will depend on the pace of capex deployment and potential M&A. Abu Dhabi Ports' dividends will be based on the company's financial performance, its funding requirements (including capex), and its liquidity requirements.

Abu Dhabi Ports will remain indirectly majority owned (75.44%) by the government of Abu Dhabi (AA/Stable/A-1+) via Abu Dhabi Developmental Holding Co. (ADQ). The sale of a minority shareholding does not change our view of Abu Dhabi Ports' link to the government or strategic importance for Abu Dhabi's economy. Our assessment of government support results in a four-notch uplift to the rating on Abu Dhabi Ports from its 'bbb' stand-alone credit profile.

## Related Research

- Abu Dhabi Ports Co. PJSC 'A+' Ratings Affirmed On Intention To List; Outlook Stable; Sept. 8, 2021

This report does not constitute a rating action.

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