

07 MAY 2021

## **Fitch Rates ADP's EMTN Programme and USD1.0 billion 2031 Senior Unsecured Notes 'A+'; Outlook Stable**

Fitch Ratings - London - 07 May 2021: Fitch Ratings has assigned Abu Dhabi Ports Company PJSC's (ADP) euro medium-term notes (EMTN) programme and the 2031 senior unsecured notes issued under the programme final ratings of 'A+' with a Stable Outlook.

### **RATING RATIONALE**

The ratings are in line with ADP's Long-Term Issuer Default Rating (IDR) of 'A+' as notes issued under the programme constitute a direct, unconditional, unsubordinated and unsecured obligations of ADP and rank pari passu with any other unsubordinated unsecured obligations.

The 2031 notes are the first issue under the new EMTN programme and feature a 10-year bullet repayment and bear a 2.5% fixed interest rate. Together with a recently raised revolving credit facility (RCF), the 2031 notes will be used to refinance ADP's two existing fully drawn AED4.05 billion RCFs at their scheduled maturities in 2021.

### **KEY RATING DRIVERS**

Fitch rates ADP using a top-down rating approach under its Government-Related Entities (GRE) Rating Criteria. ADP is rated two notches below the government of Abu Dhabi's (AA/Stable), which reflects our assessment of its strong linkage with Abu Dhabi government. ADP is wholly owned by the government of Abu Dhabi via Abu Dhabi Developmental Holding Company (ADQ) that 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 by a mix of cash flow generation, equity injections and debt.

For further details on ADP see "Fitch Assigns Abu Dhabi Ports Company First-Time 'A+' IDR; Outlook Stable" dated 22 April 2021 [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.

## RATING SENSITIVITIES

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 Rating Criteria

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

## 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 board members comprise predominantly prominent Emiratis who work for ADQ and for Abu Dhabi GREs. ADQ was established by law in 2018, with its existing status as a 100% government-owned entity and with the main objective of consolidating some of Abu Dhabi's national champions.

ADQ has direct and indirect investments in over 90 entities across a number of sectors, many of which provide essential services to Abu Dhabi and its citizens. ADQ has four economic clusters - energy & utilities, food & agriculture, healthcare & pharma and mobility & logistics. 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 free zone of Kizad, which should increasingly feed port operations. In 2020, the government transferred to ADP its ownership of ZonesCorp, 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.

## **Date of Relevant Committee**

21 April 2021

## **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)

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## Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Abu Dhabi Ports Company PJSC			
• Abu Dhabi Ports CompanyLT PJSC/ Debt/ 1 LT	A+ ●	New Rating	A+(EXP) ●

## RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◇
NEGATIVE	⊖	◇
EVOLVING	◊	◆
STABLE	●	

## Applicable Criteria

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

[Infrastructure and Project Finance Rating Criteria \(pub.24 Mar 2020\) \(including rating assumption sensitivity\)](#)

## 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

### Solicitation Status

## Endorsement Status

Abu Dhabi Ports Company PJSC      UK Issued, EU Endorsed

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