AD Ports Group signs a 30-year Concession Agreement to Develop and Operate Safaga Port in Egypt

Two 15-year agreements, a Memorandum of Understanding and three Head of Terms - were also signed with Egyptian authorities for multi-purpose, RoRo and cruise terminals, as well as logistics services across key Red Sea and Mediterranean ports

Abu Dhabi, United Arab Emirates 18 March 2023: AD Ports Group, the leading facilitator of global trade, logistics, and industry, today announced the signing of a concession agreement to develop and operate a multi-purpose port in Safaga in Egypt, in addition to signing of two 15-year agreements, a Memorandum of Understanding (MoU) and three Head of Terms (HoT) concerning ports located in Egypt's Red Sea region and the Mediterranean Sea, enabling a major expansion of the Group's activities into Egypt.

These agreements allow for expanded access to multipurpose terminals, cruise routes, and logistics capabilities in Safaga, Ain Sokhna, Port Said, Hurghada, Sharm El Sheikh and Al Arish.

Safaga Port Concession Agreement

AD Ports Group and the Red Sea Ports Authority signed a 30-year concession agreement that allows the Group to develop and operate a multi-purpose terminal at Safaga Port, a strategic location on the Red Sea coast of Egypt.

Safaga Port will be the first internationally operated port in the Upper Egypt region, bringing significant cost savings to traders, industries and businesses located in this region.

The terminal will be developed over an approximate area of 810,000 square meters and is set to be operational in Q2 2025. It will boast a quay wall of up to 1,000 meters and it will have the capacity to handle 5 million tonnes of dry bulk and general cargo, 1 million tonnes of liquid bulk, 450K TEUs of containerised cargo, and 50K CEUs of RORO.

AD Ports Group will invest a total of up to USD200 million in superstructure and equipment, buildings, and other real estate facilities and utilities' network inside the concession area. The majority of this CapEx will be spent in 2024 and 2025.

There will be no currency exposure associated with the operations of the port as all revenues will be dollarized.

Two Cement Terminals Agreements

The agreements for the development of two cement terminals in Al Arish Port and West Port Said Port were signed between AD Ports Group and the General Authority for the Suez Canal Economic Zone requiring a combined investment of EGP 1 billion (around US$ 33 million- at current prevailing market rates) in both terminals. As per the 15-year agreements, which are subject to the approval of the General Authority for the Suez Canal Economic Zone Board, AD Ports Group will construct silos with a storage capacity of up to 60,000 tonnes in Al Arish Port and 30,000 tonnes in West Port Said; each terminal will be able to handle 1.0 – 1.5 million tonnes annually. Both terminals which will be operational in Q4 2023, are expected to contribute to doubling Egypt's cement exports to global markets.

Port Said MoU

The MoU for the purpose of potential collaboration in various transportation and infrastructure projects, with an initial focus on the development of the East Port Said multi-purpose terminal, as well as a logistics zone and economic zone, was signed between AD Ports Group and The General Authority for the Suez Canal Economic Zone.

Sokhna Head of Terms (HoT)

The Head of Terms for the development of three terminals, including RoRo, cruise, and multipurpose. The agreement was signed between AD Ports Group and The General Authority for the Suez Canal Economic Zone.

Hurghada HoT

The Head of Terms for the management and operation of a cruise terminal located in the port city of Hurghada in Egypt was signed between AD Ports Group and the Red Sea Ports Authority.

Sharm El Sheikh HoT

The Head of Terms for the development, management and operation of a cruise terminal located in the port city of Sharm El Sheikh in Egypt was signed between AD Ports Group and the Red Sea Ports Authority.

Capt. Mohamed Juma Al Shamisi, Managing Director and Group CEO, AD Ports Group, said: “AD Ports Group's significant concession agreement with the Red Sea Port Authority for the development of Safaga Port has the potential to play a major role in the global supply chain, evidencing, once again, that our key strategic partnerships in Egypt drive the advancement of the Group’s portfolio of value-added investments. In line with the vision of our wise leadership, AD Ports Group is committed to not only enabling new trade connections, but also to providing strategic infrastructure solutions to boost tourism to aid the diversification of both our nation’s economies.”

He added: “As we look to the future, AD Ports Group is proud to continue developing the infrastructure of Egyptian ports and terminals. The significant opportunities we can leverage through our agreements with the Red Sea Ports Authority and the General Authority of Suez Canal Economic Zone will increasingly enhance our commercial offering across the region.”

Saif Al Mazroui, Chief Executive Officer of the Ports Cluster at AD Ports Group, said: “As part of AD Ports Group, our Ports Cluster is currently involved in a wide range of projects throughout Egypt, and in particular in Safaga Port. Our expertise as facilitators of global trade, as well as developers and operators of strategic port infrastructure projects, combined with Safaga Port’s strategic location on the Red Sea, means that we are uniquely positioned to deliver activities from managing port and logistics operations to providing tourists with access to Egypt’s fascinating history and culture, This will lend support to and promote the growth and diversification of the Egyptian economy.”

These agreements build upon the strong historic and economic ties between the UAE and Egypt which recently celebrated 50 years of friendship and co-operation.

The UAE is Egypt’s second leading trade partner in the region and the number one country in foreign direct investments, accounting for 29 per cent of foreign investments in Egypt, while Egypt is the fifth leading trade partner of the UAE in terms of non-oil trade, accounting for seven percent of the total Emirati non-oil trade with Arab countries.

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About AD Ports Group:

Established in 2006, AD Ports Group today serves as one of the world's premier facilitators of logistics, industry, and trade, as well as a bridge linking Abu Dhabi to the world. Listed on the Abu Dhabi Securities Exchange (ADX: ADPORTS), AD Ports Group's vertically integrated business approach has proven instrumental in driving the emirate's economic development over the past decade.

Operating several clusters covering Ports, Economic Cities & Free Zones, Maritime, Logistics, and Digital, AD Ports Group's portfolio comprises 10 ports and terminals, and more than 550 square kilometres of economic zones within KEZAD Group, the largest integrated trade, logistics, and industrial business grouping in the Middle East.

AD Ports Group is rated A+ by S&P and A+ Outlook Stable by Fitch.

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