Initiation Report

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APM Terminals Bahrain

Initiate on Bahrain's sole port operator with a Hold rating on ST disruptions but LT story is solid on 3% GDP growth

- **APMTB is the sole operator of Khalifa Bin Salman Port, Bahrain's only full-scale commercial gateway for containers, general cargo, and marine services, at a capacity of 1m TEUs under a 25-year concession running to Mar-34.**
- **A levered play on Bahrain's non-oil economy (c.86% of GDP), at 3% GDP growth in FY 27-30e, thanks to higher domestic consumption, construction and Saudi causeway trade (23% of exports).**
- **We expect a weak FY 26e thanks to recent disruptions, that should be followed by recovery in FY 27e on 30% higher revenues as trading activity normalise.**
- **Initiate with a Hold at a TP of BHD 1.035/share (16% upside) on challenging near term outlook. A full scale recovery would raise our TP to BHD 1.280/share. APM trades at 8x normalized FY 27e EV/EBITDA, 27% below peers.**

APMTB is the sole operator of KBSP, Bahrain's only full-scale commercial gateway for containers, general cargo, and marine services, under a 25-year concession running to Mar-34. APM Terminals Bahrain is a listed, single-asset port operator managing Khalifa Bin Salman Port, Bahrain's main commercial port facility, with 1.0m TEU capacity on 900k sqm of land in Hidd and direct road connectivity to the King Fahd Causeway. The company is majority-owned by APM Terminals B.V. (64%) and operates across three core revenue lines: container services, general cargo and marine services. Containers are the largest revenue contributor (47% in FY 25A) followed by general cargo (27%) which provides exposure to construction, industrial and project cargo, while marine service segment demand is driven by vessel calls, pilotage and towage activity across KBSP, Mina Salman Port and private jetties.

Geopolitical disruptions should weigh on Bahrain's GDP growth in FY 26, but LT GDP growth of 3% should be sustainable. We expect a mid-single-digit contraction in real GDP in FY 26e, implying a more pronounced slowdown relative to the IMF's forecast of a 0.5% decline as regional disturbance weighs on trade flows, shipping connectivity and domestic activity. This follows a strong 3.5% GDP growth in FY 25A, supported by 4% growth in non-oil activity. From FY 27e, GDP growth should return to c.3% through FY 30e, with non-oil activity (86% of GDP in FY 25A) remaining the main support for KBSP. The port is exposed to Bahrain's main import-led sectors, including manufacturing, construction and wholesale/retail trade, which account for c.26% of GDP and grew 4-5% in FY 25A. Saudi Arabia also provides a MT growth channel, accounting for 23% of Bahrain's non-oil exports, while diversified import demand provides further support to inbound container and general-cargo activity.

FY 26e should be disruption-led trough; FY 27e revenue is expected to rebound 30%, as shipping and deferred cargo normalize. We expect NI to plummet c.84% y/y to BHD 1.5m in FY 26e, as regional shipping disruptions reduce container throughput, general cargo volumes and vessel calls. Revenue is forecast to drop 31% to BHD 27m, reflecting broad-based weakness across containers (-34%), general cargo (-4%) and marine services (-55%), while operating leverage drives EBITDA margin down 14ppts y/y to 22%. FY 27e should mark an inflection, with NI rebounding c.4.4x to BHD 6m on normalising gateway flows and vessel calls. EBITDA margin should recover to c.31% in FY 27e (+9 ppts y/y), on lower fixed-cost per unit and lower solar-driven energy costs. In FY 27-29e, we expect an 8% EPS CAGR, outpacing a 4% revenue CAGR, with revenue growth mirroring c.3% Bahrain GDP growth (largely driven by non-oil activity) and margins supported by cost optimisation.

Initiate with a Hold at a DCF-based TP of BHD 1.035/share (16% upside), reflecting a challenging near-term outlook, with LT run rate of 11% FCFY & 9% DY in FY 27-30e. The long-term investment case is based on i) APM Terminals Bahrain position as the only operator of commercial gateway in Bahrain, ii) an annual GDP growth of 3% in FY 27-29e (vs. 4% in FY 21-25A) driving higher utilization for Khalifa Bin Salman Port, and iii) an ample room for growth given that the utilization rate is only 41% in FY 25A. We assume no dividends in FY 26e, but we expect a resumption in FY 27e at BHD 5m and full normalization to BHD 7.4m in FY 28-30e, at c.100% payout implying a 9% DY. In FY 27e, the stock trades at 8x EV/EBITDA, at a 27% discount to peers, leaving room for rerating as earnings and dividends normalise.

Full normalisation implies 24% upside. Our TP rises to BHD 1.280/share, assuming Bahrain's economy fully recovers and supply chains normalise to FY 25A levels by FY 27e. Under this scenario, FY 27e net income reaches BHD 9m, 34% above our base case and 6% below FY 25A. Container volumes rise 2.2x y/y, broadly returning to FY 25A levels and standing 19% above our base case. Key risks are: i) rising Saudi port self-sufficiency, which could weaken the Gateway-to-KSA channel; and ii) new competition in Bahrain following the expiry of the port non-compete restriction on 1 April 2024.

HOLD | **BHD 1.035**

Industrials / Bahrain

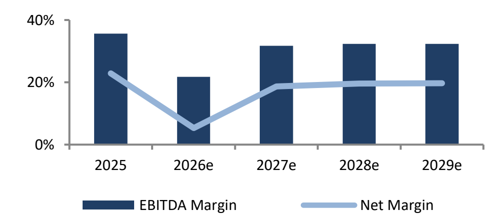
Bloomberg code	APMTB BI
Market index	BSC
Target Price	1.035
Upside (%)	16

Market data 8/6/2026	
Last closing price	0.891
52 Week range	0.9-1.1
Market cap (BHD m)	80
Market cap (USD m)	213
Average Daily Traded Value (BHD m)	0.00
Average Daily Traded Value (USD m)	0.03
Free float (%)	20%

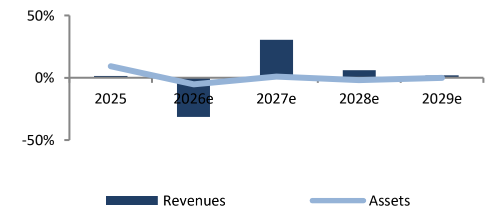
Year-end (local m)	2025	2026e	2027e	2028e
Revenues	40	27	36	38
EBITDA	14	6	11	12
Net income	9	1	6	7
EPS	0.1	0.0	0.1	0.1
EPS growth (%)	(8)	(84)	338	12
P/E (current price)	8.8	55.0	12.5	11.2
DPS	0.1	0.0	0.1	0.1
Div. yield (%)	12.3	0.0	6.4	9.0
FCF yield (%)	14.7	3.6	10.4	11.1
CAPEX	(2)	(1)	(2)	(2)
CAPEX/sales (%)	(4)	(2)	(5)	(5)
Net Debt/EBITDA (x)	1.8	3.6	1.8	1.6
EV/EBITDA (x)	5.9	14.0	7.6	7.0

Abacus *Arqaam Capital Fundamental Data*

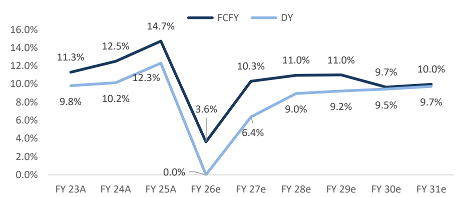
Profitability



Growth



Yield



APM Terminals Bahrain

Year-end	2024	2025	2026e	2027e	2028e	2029e
Financial summary						
Reported EPS	0.11	0.10	0.02	0.07	0.08	0.08
DPS	0.09	0.11	0.00	0.06	0.08	0.08
BVPS	0.26	0.25	0.27	0.28	0.28	0.28
Weighted average shares	90	90	90	90	90	90
Average market cap	80	80	80	80	80	80

Year-end	2024	2025	2026e	2027e	2028e	2029e
Valuation metrics						
P/E (x) (current price)	8.1	8.8	55.0	12.5	11.2	10.8
P/E (x) (target price)	9.4	10.2	63.8	14.6	12.9	12.5
EV/EBITDA (x) (current price)	6.4	5.9	14.0	7.6	7.0	6.8
EV/EBITDA (x) (target price)	6.7	6.1	14.6	7.9	7.3	7.1
Free cash flow yield (%)	13%	15%	4%	10%	11%	11%
Dividend yield (%)	10%	12%	0%	6%	9%	9%

Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth (%)						
Revenues	9%	1%	-31%	30%	6%	2%
EBITDA	22%	9%	-58%	85%	9%	2%
EBIT	28%	6%	-79%	244%	11%	2%
Net income	31%	-8%	-84%	338%	12%	3%

Year-end	2024	2025	2026e	2027e	2028e	2029e
Margins (%)						
EBITDA	33	36	22	31	32	32
EBIT	26	27	8	22	23	23
Net	25	23	5	18	19	19

Year-end	2024	2025	2026e	2027e	2028e	2029e
Returns (%)						
RoAA	18%	15%	3%	11%	13%	13%
RoAE	44%	40%	6%	26%	28%	29%
RoIC	24%	21%	4%	16%	17%	18%
FCF margin						

Year-end	2024	2025	2026e	2027e	2028e	2029e
Gearing (%)						
Net debt/Capital	0.5	0.5	0.5	0.4	0.4	0.4
Net debt/Equity	0.9	1.2	1.0	0.9	0.8	0.8
Interest cover (x)	23.1	14.9	3.0	9.4	10.7	12.0
Net debt/EBITDA (x)	1.5	1.8	3.6	1.8	1.6	1.6

Abacus *Arqaam Capital Fundamental Data*

Company Profile

APM Terminals Bahrain (APMTB) is the exclusive operator of Khalifa Bin Salman Port (KBSP), Bahrain's main commercial port and maritime gateway. The company was incorporated in Bahrain in 2006 and listed on Bahrain Bourse in 2018, with APM Terminals B.V. as the largest shareholder. KBSP is a multi-purpose port serving containers, general cargo, RoRo, cruise traffic and marine services, supported by its strategic location in Hidd and access to the wider Gulf trade corridor.

The business is highly exposed to Bahrain's non-oil economy, particularly import-driven sectors such as manufacturing, construction and wholesale/retail trade. Its core revenue streams are containers, general cargo and marine services. The asset operates under a 25-year concession with the Government of Bahrain starting from 1 April 2009.

Investment thesis

We Initiate with a Hold at a DCF-based TP of BHD 1.035/share (16% upside), reflecting a challenging near-term outlook, with LT run rate of 11% FCFY & 9% DY in FY 27-30e. The long-term investment case is based on i) APM Terminals Bahrain position as the only operator of commercial gateway in Bahrain, ii) an annual GDP growth of 3% in FY 27-29e (vs. 4% in FY 21-25A) driving higher utilization for Khalifa Bin Salman Port, and iii) an ample room for growth given that the utilization rate is only 41% in FY 25A. We assume no dividends in FY 26e, but we expect a resumption in FY 27e at BHD 5m and full normalization to BHD 7.4m in FY 28-30e, at c.100% payout implying a 9% DY. In FY 27e, the stock trades at 8x EV/EBITDA, at a 27% discount to peers, leaving room for rerating as earnings and dividends normalise.

Ownership

Shareholder structure

Major Shareholders	%
APM Terminals B.V.	64
Yusuf Bin Ahmed Holdings	16
Free Float	20

Source: Company Data

APM Terminals Bahrain

Year-end	2024	2025	2026e	2027e	2028e	2029e
Income statement (BHDmn)						
Revenue	39	40	27	36	38	39
OPEX	(25)	(25)	(21)	(24)	(25)	(25)
EBITDA	**15**	**15**	**7**	**12**	**13**	**14**
Depreciation	(4)	(4)	(4)	(4)	(5)	(5)
EBIT	**13**	**14**	**6**	**11**	**12**	**12**
Finance income	(3)	(3)	(4)	(3)	(3)	(3)
Finance cost	**10**	**11**	**2**	**8**	**9**	**9**
Net finance income/cost	(0)	(1)	(1)	(1)	(1)	(1)
Other income/(expense)	0	0	0	0	0	0
Share of results of associates & JV	10	10	2	7	8	8
Profit before tax	0	(1)	(0)	(1)	(1)	(1)
Taxes	-	-	-	-	-	-
Net profit (group)	10	9	1	6	7	7
Minorities	0	0	0	0	0	0
Net profit (parent)	**10**	**9**	**1**	**6**	**7**	**7**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**10**	**9**	**1**	**6**	**7**	**7**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (BHDmn)						
Cash and equivalents	2	1	3	3	2	2
Receivables	3	2	2	2	2	3
Inventories	0	0	0	0	1	1
Tangible fixed assets	22	29	26	25	24	22
Other assets including goodwill	25	25	24	25	26	27
Total assets	**56**	**61**	**58**	**58**	**57**	**57**
Payables	9	8	6	6	6	6
Interest bearing debt	23	29	26	25	24	24
Other liabilities	1	2	2	2	2	2
Total liabilities	**33**	**39**	**34**	**33**	**32**	**32**
Shareholders equity	23	23	24	25	25	25
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**56**	**61**	**58**	**58**	**57**	**57**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Cash flow (BHDmn)						
Cashflow from operations	**14**	**13**	**3**	**10**	**11**	**11**
Net capex	(4)	(2)	(1)	(2)	(2)	(2)
Free cash flow	**10**	**12**	**3**	**9**	**9**	**9**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	8	10	0	5	7	7
Net inc/(dec) in borrowings	-	-	-	-	-	-
Other investing/financing cash flows	(0)	(1)	(1)	(1)	(1)	(1)
Net cash flow	**1**	**8**	**2**	**0**	**(1)**	**0**
Change in working capital	19	24	5	15	15	15

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Table of Contents

Investment Thesis – Near term disruptions should weigh on FY 26e performance but we see a recovery into FY 27e

Khalifa Bin Salman's position as Bahrain's sole full-scale commercial port offers direct exposure to the growing non-oil economy despite near-term disruption

APM Terminals Bahrain (APMTB) is the sole concession operator of Khalifa Bin Salman Port (KBSP), Bahrain's only full-scale commercial gateway for containers, general cargo, RoRo and marine services, under a 25-year concession running from Apr-09 to Mar-34. The company pays the government i) a fixed annual lease fee starting at BHD 700k and increasing by 2% per year, ii) a variable royalty fee representing 31% of non-marine revenue and 10% of marine revenue, and iii) an additional 3% penalty in case of failure to meet transshipment targets or KPIs set under the concession agreement.

APMTB is a levered play on Bahrain's non-oil economy, c.86% of GDP, with GDP growth of c.3% over FY 27-30e, its throughput tracks domestic consumption, construction and Saudi causeway trade.

Bahrain's economy entered FY 26e building on a solid base, however, we expect the regional conflict to push GDP into a mid-single-digit contraction, implying a materially sharper slowdown than the IMF's forecast of a 0.5% decline (vs. +3.5% in FY 25A), well below the government's pre-disruption forecast of 3.3%. Inflation is forecast to rise to 4.7%, from 0.3% in FY 25, due to higher food, shipping and import costs.

Bahrain has two main ports: Khalifa Bin Salman Port (KBSP) and Mina Salman Port (MSP). However, commercial activity is now concentrated at KBSP, as MSP was repurposed for military use in 2018. KBSP is Bahrain's sole full-scale commercial gateway, with 1m TEUs capacity on 900k sqm of reclaimed land in Hidd, and infrastructure that can support expansion to 2.5m TEUs.

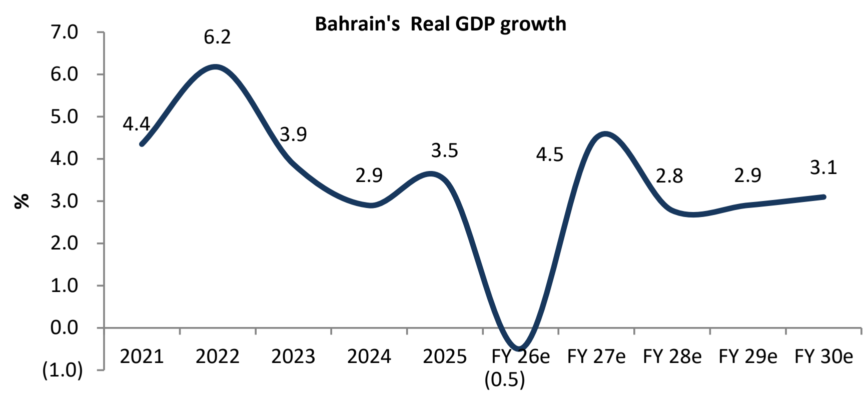
Exhibit 1: KBSP is located in Salman Industrial City/Al Hidd in Muharraq, with direct road connectivity to the King Fahd Causeway and Saudi Arabia.

Source: Arqaam Capital Research

We expect shipping disruptions to result in a mid-single-digit contraction in real GDP in FY 26e, implying a more pronounced slowdown than the IMF's forecast of a 0.5% decline. Nevertheless, we expect growth to rebound sharply in FY 27e, before averaging around 3% over FY 28-30e, supporting KBSP's long-term gateway outlook. This follows a resilient FY 25A, when Bahrain's GDP grew 3.5%, driven by 4.1% non-oil growth (5.4% growth in non-oil imports and 5.4% growth in non-oil exports), while oil GDP declined 0.3%. Non-oil activity represents 86% of GDP in FY 25A, and KBSP is directly exposed to its import-led sectors, particularly manufacturing, construction and wholesale/retail trade, which together account for c.26% of GDP and grew by 4-5% in FY 25A. This resilience was also visible in gateway indicators, with imported containers up 0.5% y/y, transport and storage GDP up 5%, and King Fahd Causeway traffic up 2.0%.

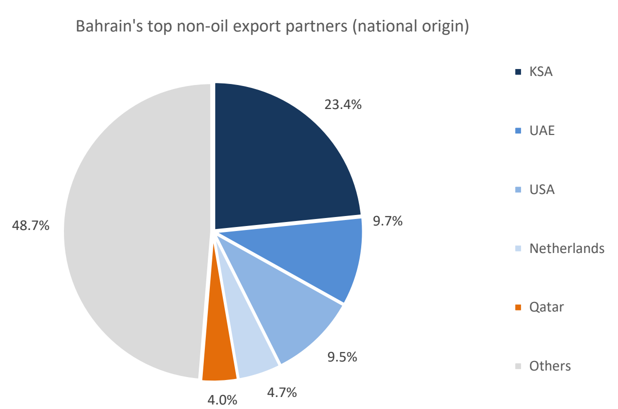
Saudi Arabia remains the key upside channel, accounting for 23% of Bahrain's national-origin non-oil exports in FY 25A. This supports APMTB's Gateway to KSA strategy, although rising Saudi port self-sufficiency remains the main structural risk. On the import side, demand is diversified across China, Australia, UAE, Brazil and USA, with mechanical/electrical equipment, chemicals and minerals forming the largest import categories, supporting both container and general cargo activity.

Exhibit 2: IMF expects Bahrain's GDP to contract 0.5% in FY 26e, before recovering 4.5% in FY 27e; we see significant downside risk to the IMF estimates for FY 26e



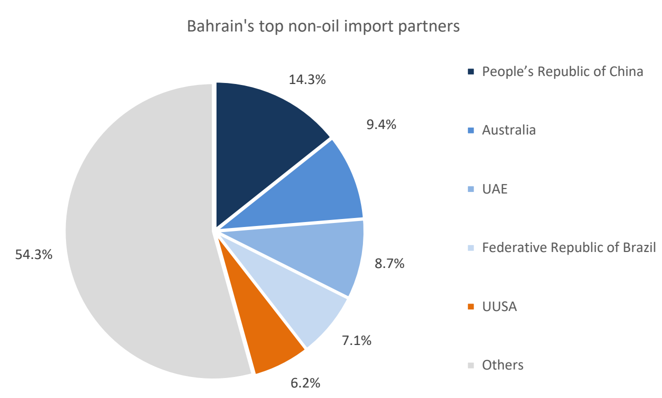
Source: IMF WEO, Haver Analytics

Exhibit 3: KSA is the largest destination for Bahrain's national-origin non-oil exports, 23% in FY 25A.



Source: Arqaam Capital Research, Information & eGovernment Authority

Exhibit 4: Diversified inbound demand supports KBSP cargo flows



Source: Arqaam Capital Research, Information & eGovernment Authority

Exhibit 5: Manufacturing, construction and wholesale trade represent 26% of GDP, which grew 4-5% in FY 25, supporting cargo demand

Sector	Share of GDP	2025 Growth
Financial & Insurance activities	18%	6%
Manufacturing	**15%**	**4%**
Construction	**7%**	**5%**
Transportation & Storage	5%	5%
Wholesale & Retail Trade	**4%**	**4%**

Source: Arqaam Capital Research, Information & eGovernment Authority

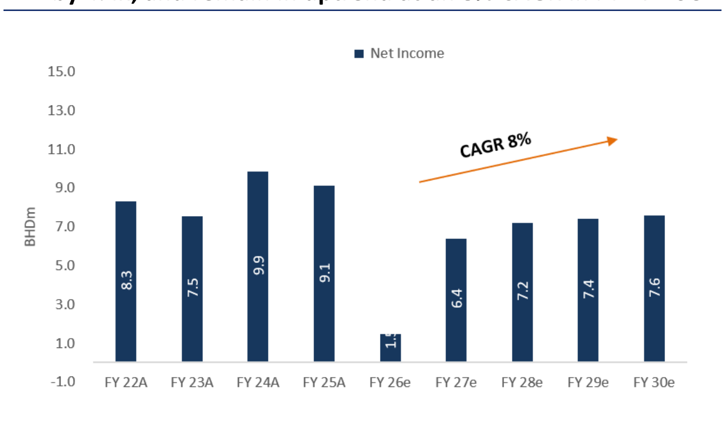
We expect NI to decline 84% y/y in FY 26e on 31% weaker revenues thanks to shipping disruption pressure on vessel calls and gateway flows

We expect net income to fall c.84% y/y to BHD 1.5m in FY 26e, as revenue should decline 31% to BHD 27m on lower volumes weighing on operating leverage. The weakness is broad-based: Container revenue should fall 34% y/y to BHD 12m on a 53% throughput drop to 192k TEUs (19% utilization vs. 41% in FY 25A), despite a one-off 40% increase in revenue per TEU, seen in 33% y/y increase in revenue per TEU in H1 26. While marine services revenue is expected to decline 55% to BHD 5m on fewer vessel calls. General cargo should be relatively more resilient, with revenue expected to decline only 4% to BHD 10m despite 26% lower volumes of 378k tons, as favourable shifts in aluminium and industrial cargo flows towards higher-yielding land transportation lifts revenue per ton by 30% y/y, cushioning the volume decline, while the relative resilience in activity was reflected in Q2 volumes rising 3x q/q and 32% y/y.

FY 27e should see an inflection; shipping and gateway flows recovery would drive 4.4x NI uplift on 30% revenue growth; followed by an 8% EPS CAGR through FY 29e.

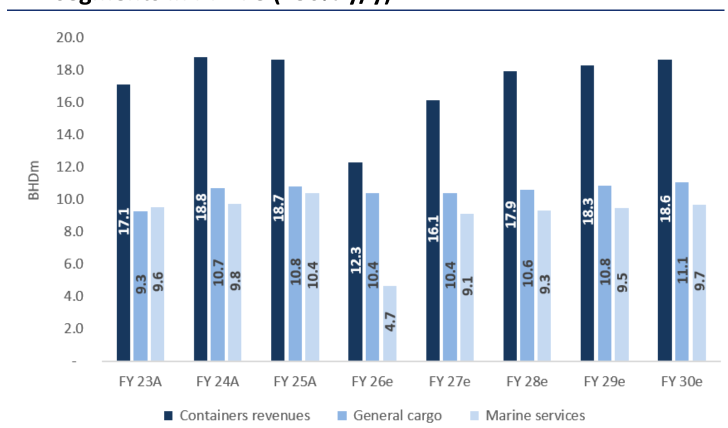
NI should rebound by 4.4x to BHD 6m in FY 27e, from a low base in FY 26e, supported by a 30% recovery in revenue to BHD 36m coupled with operating leverage. Container revenues should rise by 31% on 80% higher volumes to 346k TEUs as liner services and gateway flows normalize, despite a 27% decline in revenue per TEU from its disruption-driven FY 26e high. General-cargo revenue should remain broadly flat at BHD 10m despite a 26% volume recovery to 477k tons, as revenue per ton normalises from elevated FY 26e level, while marine services should recover 95% to BHD 9m as vessel calls and shipping connectivity normalise. Over FY 27-29e, we forecast an 8% EPS CAGR, ahead of the 4% revenue CAGR, supported by operating leverage, while revenues broadly track Bahrain's c.3% GDP growth, largely driven by non-oil activity.

Exhibit 6: After a weak FY 26e, FY 27e NI should recover by 4.4x, and remain in uptrend at an 8% CAGR in FY 27-29e



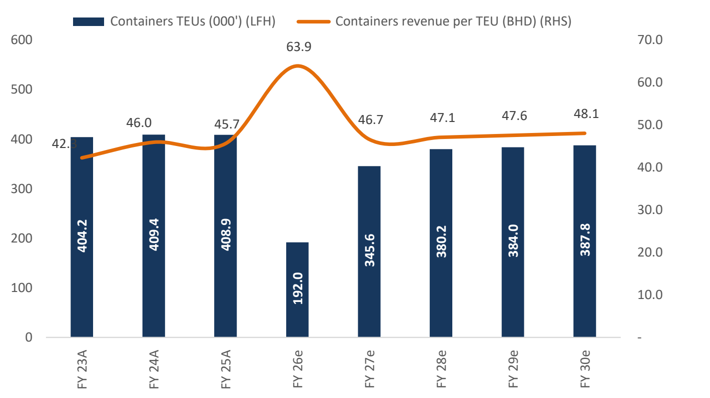
Source: Arqaam Capital Research, Company Data

Exhibit 7: We expect revenue recovery across all segments in FY 27e (+30% y/y)



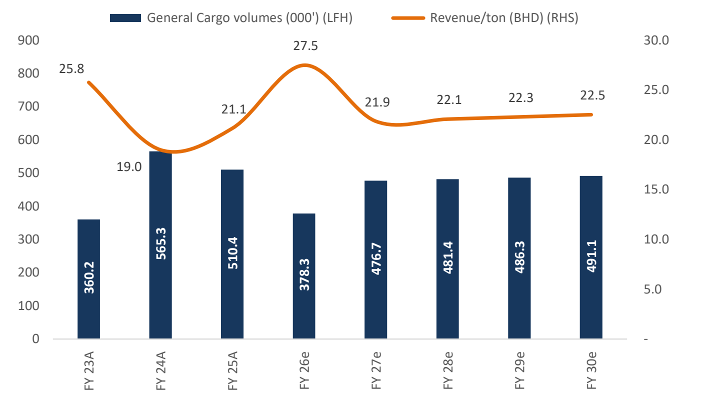
Source: Arqaam Capital Research, Company Data

Exhibit 8: FY 26e should see a 53% containers volume drop y/y but normalising trade should drive an 80% rebound in FY 27e



Source: Arqaam Capital Research, Company Data

Exhibit 9: Favorable shifts from trade rerouting should dilute the impact of disruption to 26% only decline in general cargo volumes in FY 26e

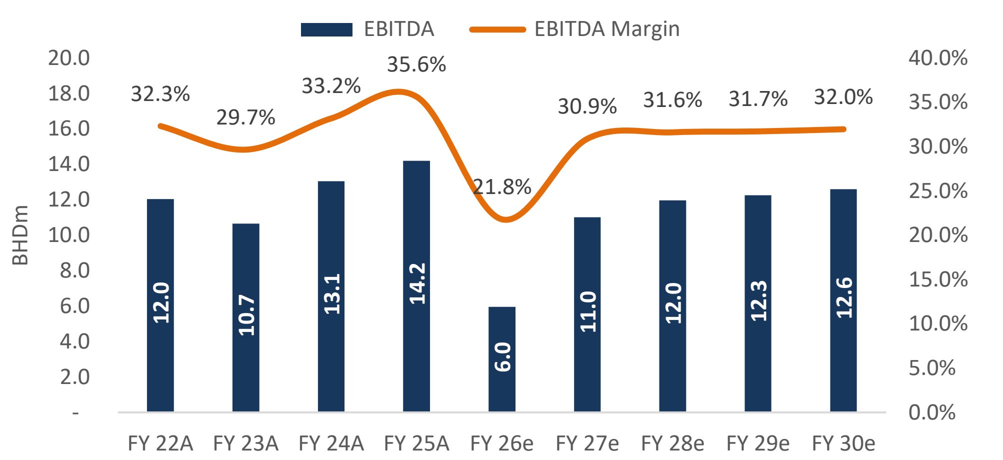


Source: Arqaam Capital Research, Company Data

Trade normalisation should restore EBITDAm to c.31% in FY 27-29e (vs. 22% in FY 26e), on volume recovery, operating leverage and cost-optimisation initiatives

FY 26e EBITDA is expected to fall 58% y/y to BHD 6m, with margin compressing 14 ppts to 22%, on lower volumes. However, this creates meaningful earnings leverage once activity normalises. We expect EBITDA margin to rebound to 31% in FY 27e as containers, cargo flows, marine activity recover at a fixed cost for handling, supported by management's cost-optimisation initiatives and lower energy costs from the solar project. This remains 5 ppts below the FY 25 margin of 36%, as we expect volumes to rebound but still below FY 25A levels. Over FY 27-29e, we expect EBITDA to grow at a 5% CAGR, ahead of revenue at 4%, on operating leverage.

Exhibit 10: EBITDAm to drop to 22% in FY 26e before rebounding to 32% by FY 29e as volumes recover

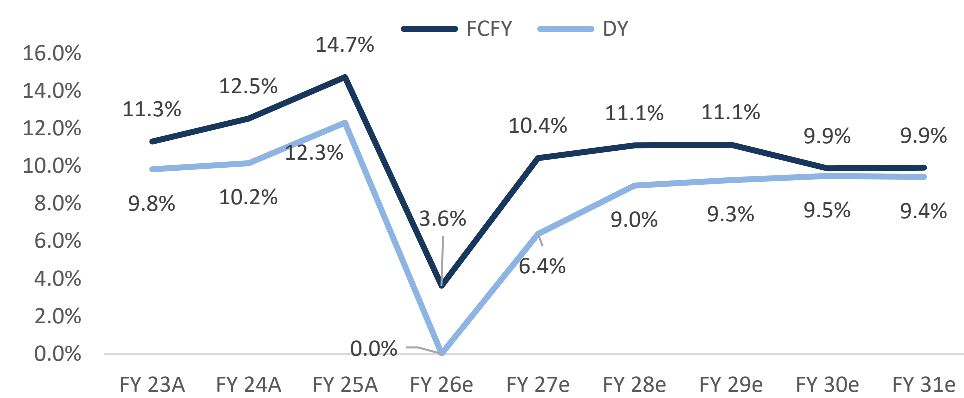


Source: Company Data, Arqaam Capital Research

Regional turbulence should cut FCF to BHD 3m (-75% y/y) and halt FY 26e dividends, before normalising trade flows lift FCF to BHD 9m supporting 11% FCFY & 9% DY in FY 27-29e.

We expect FCF to decline 75% y/y to BHD 3m in FY 26e, implying a 3.6% FCFY, due to disruption-led pressure on earnings and margins. This should put dividend payment on hold for FY 26e. As trade flows recover, vessel schedules and margins normalise, we expect FCF to rebound by c.3x y/y to BHD 9m in FY 27e and remain resilient at BHD 9m over FY 28-30e, supporting an 11% FCFY. Dividends should resume at BHD 5m in FY 27e, at a 6% DY, before rising to BHD 7.4m over FY 28-30e, on our numbers, as the payout returns to 100%, supporting an attractive yield of 9%, positioning APMTB as a compelling recovery play once operations normalise. However, future distributions remain subject to Board recommendation, shareholder approval, cash flow requirements, investment needs and prevailing market conditions.

Exhibit 11: FCFY & DY should recover to c.9-11% after FY 27e as cash generation normalises



Source: Company Data, Arqaam Capital Research

Valuation

Initiate with Hold on short-term disruptions; DCF yields a TP of BHD 1.035/share (16% upside) at 6% DY in FY 27e

We value APMTB using DCF based on average FCFF of BHD 9m over FY 27-30e, post conflict disruptions. Our assumptions incorporate a 6% EPS CAGR over FY 27-30e, following a depressed FY 26e, supported by normalisation in cargo flows and vessel activity starting FY 27e. We assume 1-2% volume growth over FY 27-30e, with no capacity expansion to KBSP's current 1.0m TEU capacity, and utilisation recovering to 39%, 20 ppts above FY 26e and 2 ppt below FY 25A. Our forecasts assume KBSP remains Bahrain's sole full-scale commercial port over our forecast period, although this is no longer contractually protected following the expiry of the non-compete restriction in Apr-24. Concession renewal remains subject to future discussions with the Government of Bahrain and no assurance can be provided regarding timing, duration or commercial terms. However, our valuation assumes the concession is renewed beyond Mar-34 on broadly comparable economic terms.

We initiate coverage with a Hold recommendation and a DCF-based TP of BHD 1.035/share, implying 16% upside. We apply a relatively high 15% cost of equity to reflect the stock's thin liquidity, Bahrain market risk and uncertainty around the timing of the operating recovery. Our LT positive view is supported by resilient 11% FCFY and 9% DY over FY 27-29e, with further upside from faster restoration of shipping connectivity, stronger Gateway-to-KSA volumes and any future capacity-expansion plans.

Exhibit 12: Valuation Summary

BHDm		FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e
EBIT		2.3	7.9	8.7	8.9	9.1	8.9
(Taxes Paid)		(0.2)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)
+Depreciation		3.7	3.2	3.2	3.3	3.5	3.7
COPAT		***5.8***	***10.3***	***11.1***	***11.4***	***11.7***	***11.8***
Working capital changes		(2.4)	(0.1)	(0.3)	(0.2)	(0.2)	(0.2)
CAPEX		(0.4)	(1.5)	(1.6)	(1.9)	(3.2)	(3.3)
Free cash flow		**3.0**	**8.7**	**9.3**	**9.3**	**8.2**	**8.3**
PVOP	34						
PVTV	54						
Enterprise Value	**87**						
Net Debt (Q1 26A)	3.2						
Equity Value	**84**						
Number of Shares	90						
Fair Value (BHD/share)	**0.935**						
Target Price (BHD/share)	**1.035**						

Source: Arqaam Capital Research

Peer Analysis

APM trades at a normalized EV/EBITDA of 8x in FY 27e, 27% discount to peers, offering 6% DY in FY 27e, well-above peers

Following FY 26e disruptions, APM should trade at normalized FY 27e EV/EBITDA and P/E multiples of 8x and 13x, respectively, representing a 30% discount to peers. We reiterate that APM's key appeal lies in its position as Bahrain's sole full-scale commercial port and lucrative dividend profile, with an estimated FY 27e dividend yield of 6%, vs. a peer average of c.4%.

Exhibit 13: Multiples valuation

Company name	Country	Mkt Cap	P/E (x)		EV/EBITDA (x)		EBITDA margin	ROE (%)	EBITDA CAGR	DY (%)
		USD m	FY 26e	FY 27e	FY 26e	FY 27e	FY 27e	FY 27e	FY 26-28e	FY 27e
Adani Ports & Special Economic	INDIA	41,013	29.5	25.8	20.1	17.1	58%	14.3%	17%	0.5%
Shanghai International Port Gr	CHINA	17,936	8.7	9.0	8.7	8.4	41%	9.2%	-7%	3.9%
China Merchants Port Holdings	HONG KONG	8,000	8.7	8.3	12.3	10.7	63%	6.7%	4%	5.9%
Westports Holdings Bhd	MALAYSIA	5,907	24.4	19.3	12.3	11.6	65%	27.3%	5%	4.1%
COSCO SHIPPING Ports Ltd	HONG KONG	2,622	7.3	7.9	11.7	10.9	33%	5.2%	0%	7.0%
Hutchison Port Holdings Trust	HONG KONG	1,655	18.9	20.7	5.7	5.5	63%	3.7%	4%	7.4%
International Container Termin	PHILIPPINES	33,254	33.7	27.0	15.4	13.8	66%	47.8%	11%	2.3%
Koninklijke Vopak NV	NETHERLANDS	6,214	14.2	13.9	9.0	8.9	63%	13.2%	3%	4.1%
Societe d'Exploitation des Por	MOROCCO	6,837	41.0	29.2	16.0	12.6	56%	42.8%	20%	2.0%
Abu Dhabi Ports Co PJSC	UAE	7,040	17.3	13.4	8.4	7.8	26%	8.0%	10%	n/a
Guangdong Great River Smarter	CHINA	616	n/a	29.5	12.3	9.0	67%	10.9%	29%	3.3%
Sustained Infrastructure Holdings	KSA	731	20.9	20.1	9.5	8.9	8%	16.2%	1%	0.0%
Average		**10,985**	**20.4**	**18.7**	**11.8**	**10.4**	**51%**	**17.1%**	**8%**	**3.7%**
Median		**6,526**	**18.9**	**19.7**	**12.0**	**9.9**	**61%**	**12.1%**	**4.7%**	**3.9%**
Mean		**5,443**	**17.7**	**16.9**	**11.2**	**10.0**	**45%**	**12.7%**	**5.2%**	**3.3%**
APM Terminals Bahrain (APMTB)	**Bahrain**	**213**	**54.9**	**12.5**	**14.0**	**7.6**	**31%**	**25.9%**	**42%**	**6.4%**
Discount/premium			**169%**	**-33%**	**19%**	**-27%**	**-20%**	**9%**	**33%**	**3%**

Source: Bloomberg, Arqaam Capital Research

Upside/downside risks

Full economic and trade recovery to FY 25A levels, would raise our TP to BHD 1.280/share

Our blue-sky scenario assumes a full-scale recovery in Bahrain's economy and the complete normalisation of regional supply chains by FY 27e. A rebound in domestic consumption, industrial activity and project execution supporting stronger imports, while the recovery in production and regional trade lifts exports. Normalised shipping routes and vessel calls allow APMTB's container, general-cargo and marine-services businesses to return to their pre-disruption FY 25 levels.

Container volumes are expected to recover by 2.2x y/y to 413k TEUs in FY 27e, broadly in line with FY 25A and 19% above our base case. General-cargo volumes are expected to increase 35% y/y to 511k tons, supported by the resumption of industrial, aluminium and project-related cargo, placing them 7% above base case. Meanwhile, the return of shipping lines and vessel activity lifts marine-services revenue by 2.2x to BHD 10m, fully restoring to FY 25A levels and exceeding our base case by 14%.

The broad-based recovery should raise our FY 27e revenue by 15% to BHD 41m (+49% y/y), and 3% above FY 25A. Given APMTB's largely fixed cost base, the incremental volumes are expected to generate strong operating leverage with EBITDA more than doubling y/y to BHD 13m, 22% above base case. Consequently, the EBITDA margin should return to 33%, 3 ppts below FY 25A and 2 ppts above our base-case estimate.

At the bottom line, we expect a rebound to BHD 9m in FY 27e (+6x y/y), 34% above our base case and 6% below FY 25A. The stronger earnings and cash-generation profile should also support an earlier restoration of dividends and provide greater capacity for distributions, although this remains subject to the Board's payout decision.

Beyond FY 27e, we assume a 4% CAGR in container volumes through FY 30e, alongside 1% annual growth in general-cargo volumes and 2% growth in marine-services revenue. By FY 30e, revenue should reach BHD 45m, 15% above base case, while EBITDA is expected to rise to BHD 15m, 22% above base case. EBITDA margin should expand to 34%, compared with 32% under our base case, supporting net income of BHD 10m, 32% above base case thanks to operating leverage.

Exhibit 14: Key value drivers

Key value drivers		FY 25A	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e
Container volumes ('000 TEUs)	Upper case	408.9	192.0	412.8	454.1	458.6	463.2
	Base case	**408.9**	**192.0**	**345.6**	**380.2**	**384.0**	**387.8**
General Cargo volumes ('000 tons)	Upper case	510.4	378.3	510.7	515.8	521.0	526.2
	Base case	**510.4**	**378.3**	**476.7**	**481.4**	**486.3**	**491.1**
Marine services revenue (BHDm)	Upper case	10.4	4.7	10.4	10.6	10.9	11.1
	Base case	**10.4**	**4.7**	**9.1**	**9.3**	**9.5**	**9.7**
Revenue (BHDm)	Upper case	39.9	27.4	40.9	43.4	44.3	45.2
	Base case	**39.9**	**27.4**	**35.7**	**37.9**	**38.6**	**39.4**
EBITDA (BHDm)	Upper case	14.2	6.0	13.4	14.6	15.0	15.4
	Base case	**14.2**	**6.0**	**11.0**	**12.0**	**12.3**	**12.6**
EBITDA margin (%)	Upper case	35.6%	21.8%	32.9%	33.6%	33.8%	34.1%
	Base case	**35.6%**	**21.8%**	**30.9%**	**31.6%**	**31.7%**	**32.0%**
Net income (BHDm)	Upper case	9.1	1.5	8.6	9.5	9.8	10.0
	Base case	**9.1**	**1.5**	**6.4**	**7.2**	**7.4**	**7.6**
TP (BHD/share)	Upper case	1.280					
	Base case	**1.035**					

Source: Arqaam Capital Research

Under this scenario, our valuation increases to BHD 1.280/share, representing a 24% premium to our base-case TP of BHD 1.035/share. This highlights the meaningful upside if trade flows and economic activity recover faster and more fully than currently assumed.

Exhibit 15: Upside case - Valuation Summary

BHDm		FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e
EBIT		2.3	10.3	11.3	11.6	11.8	12.1
(Taxes Paid)		(0.2)	(1.0)	(1.1)	(1.1)	(1.2)	(1.2)
+Depreciation		3.7	3.2	3.3	3.4	3.6	3.8
COPAT		***5.8***	***12.4***	***13.5***	***13.8***	***14.2***	***14.7***
Working capital changes		(2.4)	(0.1)	(0.4)	(0.4)	(0.5)	(0.5)
CAPEX		(0.4)	(1.7)	(1.9)	(2.2)	(3.8)	(3.8)
Free cash flow		**3.0**	**10.6**	**11.2**	**11.3**	**10.0**	**10.4**
PVOP	40						
PVTV	67						
Enterprise Value	**107**						
Net Debt (Q1 26A)	3.2						
Equity Value	**104**						
Number of Shares	90						
Fair Value (BHD/share)	**1.156**						
Target Price (BHD/share)	**1.280**						

Source: Arqaam Capital Research

Container volumes. We assume container volumes of 346k TEUs in our base case in FY 27e, reflecting a gradual normalisation in gateway trade. Upside could arise from a faster recovery in vessel rotations, imports and inventory replenishment, while a slower restoration in regional shipping connectivity represents the key downside risk. Our sensitivity analysis shows that a ±10% change in container volumes would affect EPS by ±11% & TP by ±8%.

Exhibit 16: Every ±10% change in container volumes shift EPS by ±11% & TP by ±8%

	Containers TEUs (000')	Impact on EPS	TP (BHD)
Upper Case (Base case +10%)	380	11%	1.114
Base Case	**346**	**0%**	**1.035**
Lower Case (Base case -10%)	311	-11%	0.956

Source: Arqaam Capital Research

General cargo volumes. We assume general cargo volumes of 477k tons in our base case in FY 27e. Greater benefits from shifts in aluminum and industrial logistics flows represent upside, while prolonged disruption or weaker project activity would weigh on volumes. A ±10% change in general cargo volumes would affect EPS by ±7% & TP by ±5%.

Exhibit 17: Every ±10% change in general cargo volumes shift EPS by ±7% & TP by ±5%.

	General Cargo tons (000')	Impact on EPS	TP (BHD)
Upper Case (Base case +10%)	524	7%	1.082
Base Case	**477**	**0%**	**1.035**
Lower Case (Base case -10%)	429	-7%	0.988

Source: Arqaam Capital Research

Marine services revenue. We assume marine services revenue of BHD 9m in FY 27e, supported by the recovery in vessel calls, pilotage and towage activity across KBSP, MSP and private jetties. A faster normalisation in vessel traffic would provide upside, while a prolonged reduction in calls would delay recovery. A ±10% change in marine-services revenue would affect EPS by ±6% & TP by ±4%.

Exhibit 18: Every ±10% change in marine services revenue shifts EPS by ±6% & TP by ±4%.

	Marine services (BHDm)	Impact on EPS	TP (BHD)
Upper Case (Base case +10%)	10	6%	1.076
Base Case	**9**	**0%**	**1.035**
Lower Case (Base case -10%)	8	-6%	0.995

Source: Arqaam Capital Research

Containers yield. We assume a 27% y/y normalisation in container revenue per TEU in FY 27e from elevated FY 26e levels. Upside could arise from new tariff revisions, while downside would stem from a weaker mix, including a higher transshipment contribution. A ±10% change in revenue per TEU would affect EPS by ±11% and TP by ±8%.

Exhibit 19: Every ±10% change in containers yield shift EPS by ±11% & TP by ±8%

	Container revenue per TEU	Impact on EPS	TP (BHD)
Upper Case (Base case +10%)	51.3	11%	1.114
Base Case	**46.7**	**0%**	**1.035**
Lower Case (Base case -10%)	42.0	-11%	0.956

Source: Arqaam Capital Research

General cargo yield. We assume a 21% y/y normalisation in revenue per ton in FY 27e from elevated FY 26e levels. Tariff revisions offer upside, while a lower complex cargo mix is the key downside. A ±10% change in revenue per ton would affect EPS by ±7% & TP by ±5%.

Exhibit 20: Every ±10% change in general cargo yields shift EPS by ±7% & TP by ±5%

	General cargo revenue per ton	Impact on EPS	TP (BHD)
Upper Case (Base case +10%)	24	7%	1.082
Base Case	**22**	**0%**	**1.035**
Lower Case (Base case -10%)	20	-7%	0.988

Source: Arqaam Capital Research

Post-2024 expiry of port non-compete creates long-term competition risk

While APMTB operates KBSP under a concession expiring in Mar-34, the contractual restriction preventing the Government from developing another commercial port expired on 1 April 2024. While this technically introduces a long-term competition risk, development of a competing commercial port would require significant investment, regulatory approvals and long lead times. Any future competing port development or expansion of permitted private-jetties activity could dilute KBSP's volumes, market share and pricing power.

Rising Saudi port self-sufficiency could limit KBSP's Gateway to KSA upside

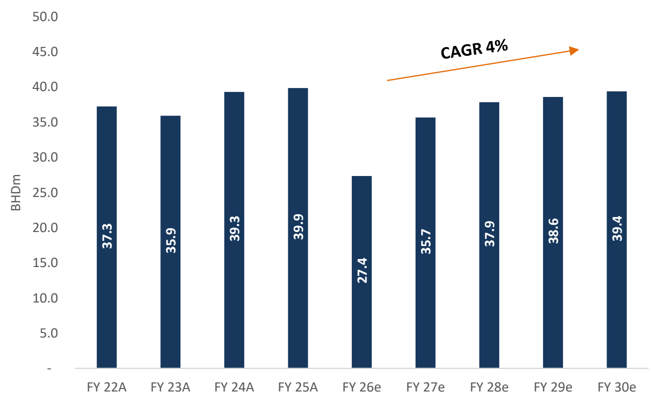
A key downside risk to KBSP's 2030 Growth Strategy is Saudi Arabia becoming increasingly self-sufficient in port and logistics capacity. In our view, this risk is becoming increasingly likely, given the ongoing ramp-up of Saudi port infrastructure, including RSGT's multipurpose terminal (MPT) operations, where early ramp-up has already been visible in 2026. This strengthens Saudi Arabia's ability to retain more gateway, general cargo and project cargo volumes within its own logistics network, reducing the need for Saudi-bound cargo to be routed through Bahrain. As a result, while APMTB's Gateway to KSA strategy could still unlock incremental cross-border flows, the upside may be structurally capped by Saudi ports' expanding capacity, improved connectivity and broader logistics self-sufficiency.

Operating Assumptions

FY 26e should be disruption-led trough; FY 27e revenue is expected to rebound 30%, as shipping and deferred cargo normalise

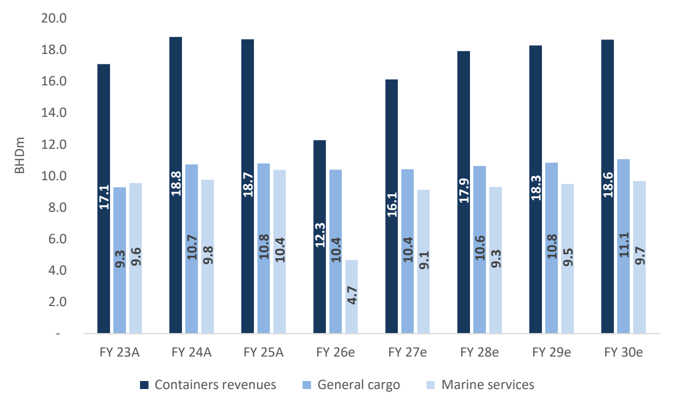
We expect KBSP revenue to decline 31% y/y to BHD 27m in FY 26e, reflecting disruption to regional cargo flows and vessel scheduling, before recovering 30% y/y to BHD 36m in FY 27e as shipping and deferred gateway cargo return. Thereafter, we forecast modest 4% revenue CAGR over FY 27-29e, reaching BHD 39m in FY 29e, supported by 3% growth in GDP, largely driven by Bahrain's non-oil economy.

Exhibit 21: We expect 30% rebound in FY 27e revenue as shipping and cargo flows normalise



Source: Arqaam Capital Research, Company Data

Exhibit 22: FY 27e revenue recovery from containers (31%), general cargo (flat) and marine services (95%)

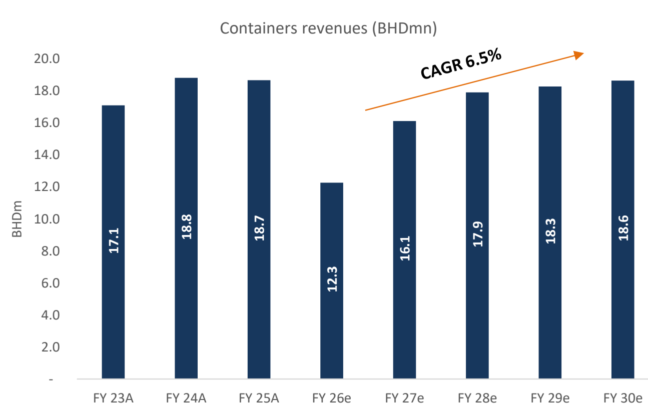


Source: Arqaam Capital Research, Company Data

We expect 53% drop in container volumes in FY 26e, on weaker gateway flows, before rebounding 80% in FY 27e, and should maintain a modest 5% CAGR in FY 27-29e

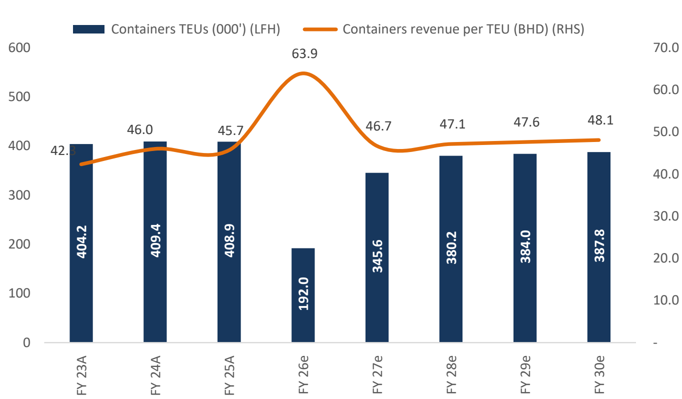
We expect container revenue to decline 34% y/y to BHD 12m in FY 26e, as throughput falls 53% y/y to 192k TEUs due to disrupted liner schedules and weaker gateway cargo flows, partly offset by elevated revenue per TEU (+40% y/y). Revenue should rebound 31% y/y to BHD 16m in FY 27e, driven by an 80% recovery in volumes to 346k TEUs as regular liner services and gateway imports return, despite a 27% normalisation in revenue per TEU from elevated FY 26e levels. Over FY 27-29e, we forecast a 6.5% revenue CAGR, underpinned by a 5% throughput CAGR and 1% annual growth in revenue per TEU, assuming no further material tariff revisions following the 7% increase implemented in 2024.

Exhibit 23: Container revenue is expected to decline 34% in FY 26e before rising 31% in FY 27e…



Source: Arqaam Capital Research, Company Data

… at 80% higher throughput as liner schedules & gateway cargo recover, despite 27% lower revenue per TEU

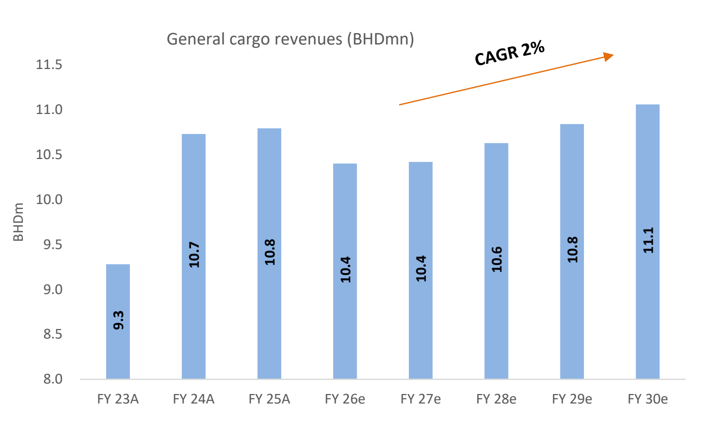


Source: Arqaam Capital Research, Company Data

We expect a milder 4% decline in general cargo revenue in FY 26e, as higher revenue per ton offsets a 26% volume drop, before remaining broadly flat in FY 27e

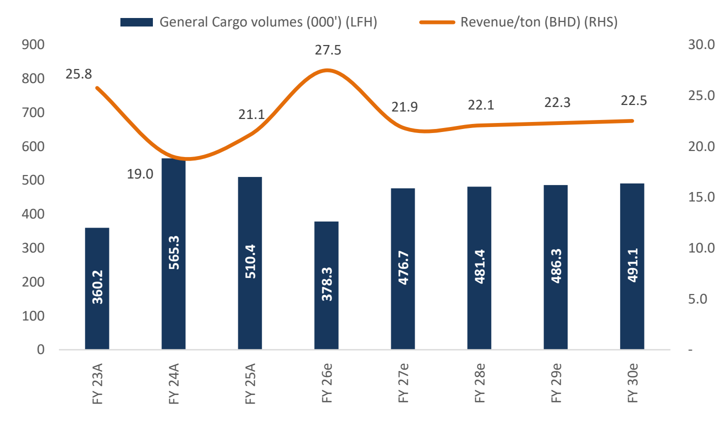
We forecast general cargo revenue to decline 4% y/y to BHD 10m in FY 26e, despite volumes falling 26% to 378k tons. The relative resilience reflects favourable shifts in aluminium and industrial cargo towards land transportation, lifting revenue per ton by 30% y/y, while Q2 volumes rose 2.8x q/q and 32% y/y. In FY 27e, revenue should remain broadly flat at BHD 10m, as a 26% volume recovery to 477k tons is offset by a 21% normalisation in revenue per ton from elevated FY 26e levels. Over FY 27-29e, we forecast a 2% revenue CAGR, supported by 1% annual growth in both volumes and revenue per ton.

Exhibit 24: General cargo revenue declines a milder 4% in FY 26e, thanks to favorable logistical shifts..



Source: Arqaam Capital Research, Company Data

limiting volume decline to 26% y/y, offset by 30% higher revenue per ton, before reversing in FY 27e

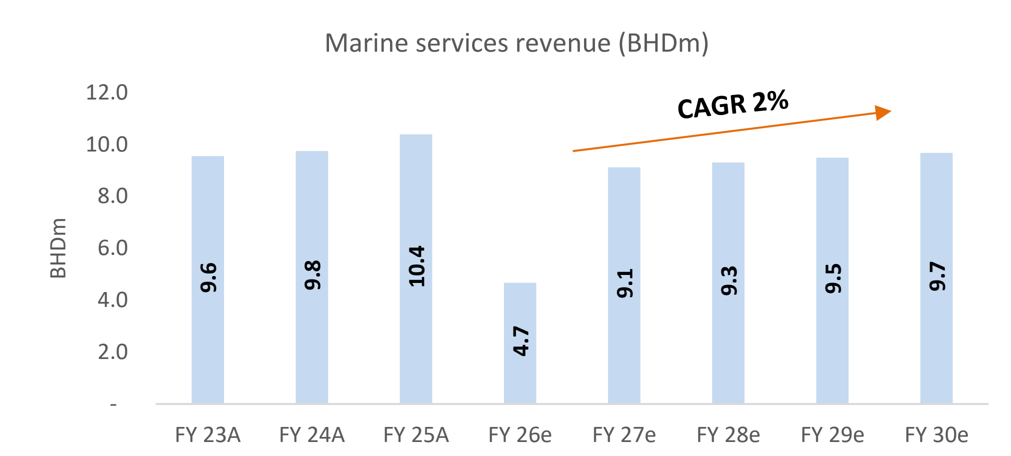


Source: Arqaam Capital Research, Company Data

We expect a 95% recovery in marine services in FY 27e following an anticipated 55% decline in FY 26e on lower vessel calls

We forecast marine services revenue to decline 55% y/y to BHD 5m in FY 26e, reflecting fewer vessel calls and lower related pilotage and towage activity. Revenue should recover 95% y/y to BHD 9m in FY 27e as liner schedules and shipping connectivity normalise. We then assume c.2% annual growth, reaching BHD 9.5m by FY 29e, supported by pilotage, towage and other vessel services across KBSP, Mina Salman Port and private jetties.

Exhibit 25: Marine services revenue should jump from BHD 5m in FY 26e to BHD 9m (+95% y/y) as vessel calls normalise



Source: Arqaam Capital Research, Company Data

Exhibit 26: Operational summary

	FY 22A	FY 23A	FY 24A	FY 25A	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e
KBSP revenues (BHDmn)	**37.3**	**35.9**	**39.3**	**39.9**	**27.4**	**35.7**	**37.9**	**38.6**	**39.4**	**40.2**
growth (%)	0.0%	-3.5%	9.4%	1.4%	-31.4%	30.4%	6.1%	2.0%	2.0%	2.0%
Containers revenues (BHDmn)	**16.6**	**17.1**	**18.8**	**18.7**	**12.3**	**16.1**	**17.9**	**18.3**	**18.6**	**19.0**
growth (%)	0.0%	-3.5%	9.4%	1.4%	-34.3%	31.4%	11.1%	2.0%	2.0%	2.0%
KBSP Capacity TEUs ('000)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Utilisation rate	38%	40%	41%	41%	19%	35%	38%	38%	39%	39%
Containers TEUs (000')	383.4	404.2	409.4	408.9	192.0	345.6	380.2	384.0	387.8	391.7
growth (%)	0.0%	5.4%	1.3%	-0.1%	-53.0%	80.0%	10.0%	1.0%	1.0%	1.0%
Containers revenue per TEU	43.3	42.3	46.0	45.7	63.9	46.7	47.1	47.6	48.1	48.6
growth (%)	0.0%	0.0%	8.7%	-0.7%	40.0%	-27.0%	1.0%	1.0%	1.0%	1.0%
General cargo revenues (BHDmn)	**11.3**	**9.3**	**10.7**	**10.8**	**10.4**	**10.4**	**10.6**	**10.8**	**11.1**	**11.3**
growth (%)	0.0%	-17.5%	15.6%	0.6%	-3.6%	0.2%	2.0%	2.0%	2.0%	2.0%
General Cargo volumes (000')	786.4	360.2	565.3	510.4	378.3	476.7	481.4	486.3	491.1	496.0
growth (%)	0.0%	-54.2%	56.9%	-9.7%	-25.9%	26.0%	1.0%	1.0%	1.0%	1.0%
Revenue/ton	14.3	25.8	19.0	21.1	27.5	21.9	22.1	22.3	22.5	22.7
growth (%)	0.0%	0.0%	-26.3%	11.4%	30.0%	-20.5%	1.0%	1.0%	1.0%	1.0%
Marine services revenue	**9.4**	**9.6**	**9.8**	**10.4**	**4.7**	**9.1**	**9.3**	**9.5**	**9.7**	**9.9**
growth (%)	0.0%	1.8%	2.1%	6.6%	-55.0%	95.0%	2.0%	2.0%	2.0%	2.0%

Source: Arqaam Capital Research, Company Data

FY 26 margins should contract sharply to 22% (-14 ppts y/y) thanks to revenue decline, before recovering to 31% in FY 27e as fixed costs get reabsorbed

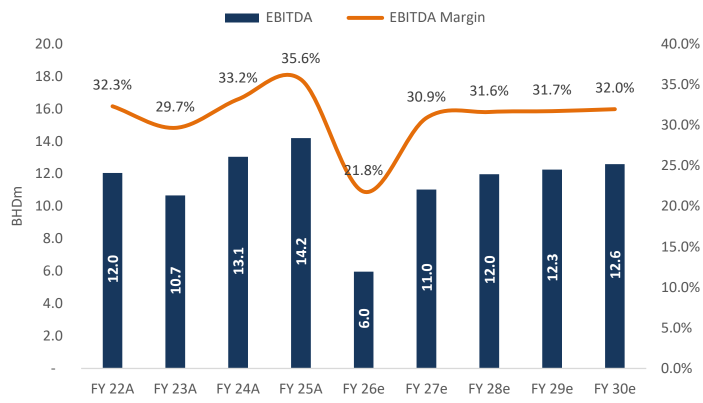
We expect EBITDA to decline 58% y/y to BHD 6m in FY 26e, with EBITDA margin contracting 14 ppts y/y to 22%, as the disruption-led decline in volumes put pressure on margins thanks to fixed costs. While management's cost-optimisation initiatives should mitigate part of the pressure, royalty fees, terminal labour, equipment, maintenance, security and infrastructure costs are relatively fixed and cannot fully adjust to lower throughput.

We expect EBITDA margin to recover to 31% in FY 27e (+9 ppts y/y), supported by the recovery in cargo volumes, operating leverage, and lower energy costs from the solar project. However, this remains 5 ppts below the FY 25A margin of 36%, a conservative assumption. In FY 27-29e, we expect 5% EBITDA CAGR, ahead of the 4% revenue CAGR, driven by better operating leverage as cargo flows recover, with EBITDAm gradually rebounding to 32% by FY 29e.

This recovery should trickle down to net income, as we expect NI to decline 84% y/y to BHD 1.5m in FY 26e followed by a recovery of 4.4x y/y to BHD 6m in FY 27e and growing at 8% CAGR to BHD 7.4m by FY 29e.

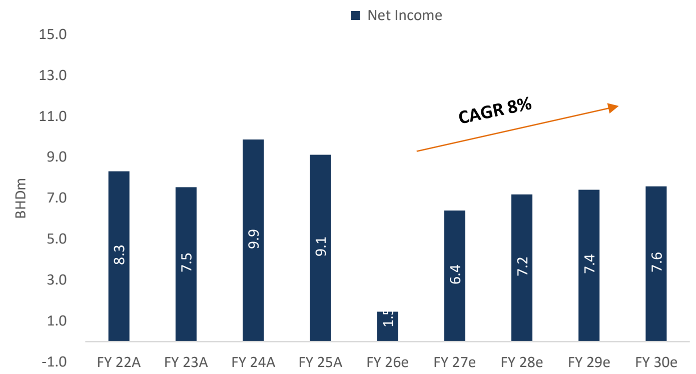
From FY 25A, Bahrain's DMTT requires large multinational groups with revenues above EUR 750m to pay a minimum 15% tax rate. However, APMTB is eligible for certain exclusions and tax-mitigation measures, which reduce its expected cash tax rate to c.11%. We therefore assume an 11% effective tax rate in our forecasts, broadly in line with the 11% effective tax rate reported in FY 25A.

Exhibit 27: EBITDAm should drop to 22% in FY 26e, and recover to 32% by FY 29e as volumes & fixed-cost improve



Source: Arqaam Capital Research, Company Data

Exhibit 28: Post a weak FY 26e, FY 27e NI should recover 4.4x y/y, followed by an 8% CAGR in FY 27-29e

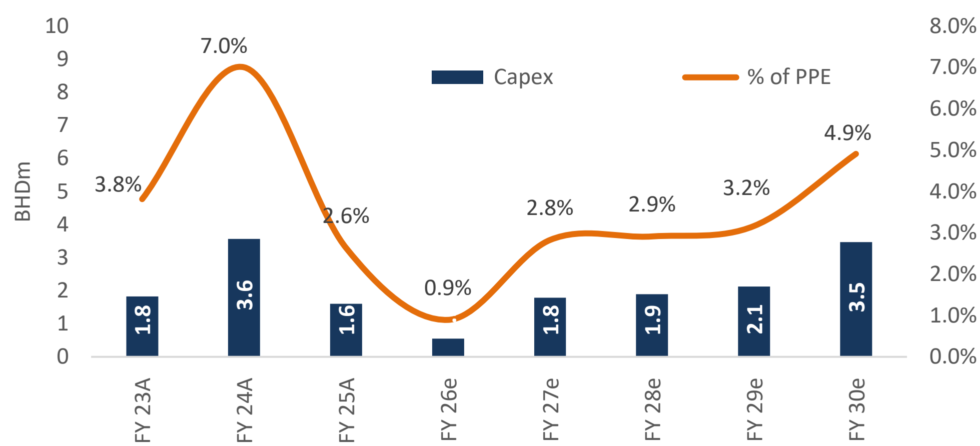


Source: Arqaam Capital Research, Company Data

We assume BHD 2m maintenance capex in FY 27-29e; while any capacity expansion is an unmodelled upside

We forecast capex of BHD 2m in FY 27-29e (3% of gross fixed assets), primarily reflecting maintenance and replacement spending across terminal equipment, infrastructure, maintenance systems and operational assets. In our base case we do not assume material capacity expansion, as FY 25A utilisation stands at only c.41%.

Exhibit 29: Capex should remain at c.BHD 2m p.a. in FY 27-30e (3% of PPE), maintenance-driven



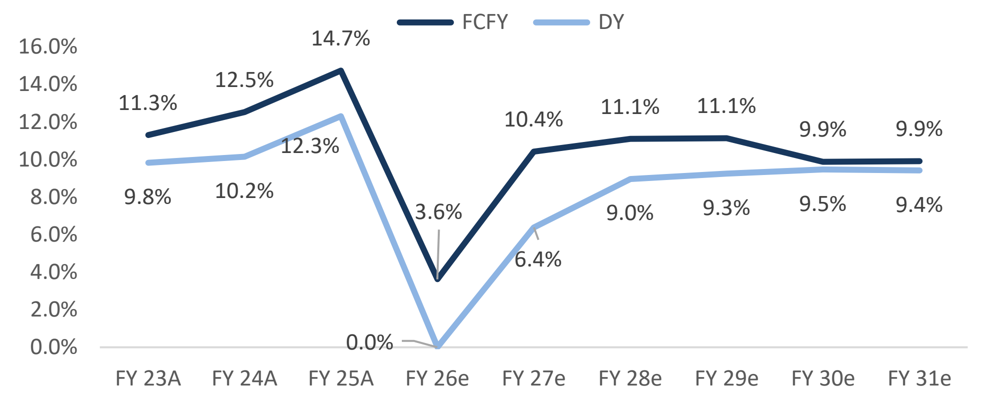
Source: Arqaam Capital Research, Company Data

We expect disruptions to reduce FCF to BHD 3m and suspend dividends in FY 26e, but with reversion to a run rate of BHD 9m in FCF offering 11% FCFY & 9% DY in FY 27-29e.

We expect FCF to fall to BHD 3m in FY 26e, from BHD 12m in FY 25A (FCFY of 3% vs. 15% in FY 25A), thanks to recent disruptions. FCF should then recover to BHD 9m in FY 27e as cargo flows and vessel schedules normalise and remain broadly stable at BHD 9m over FY 28-31e, maintaining a FCFY of 11%.

We assume nil dividend payment in FY 26e, consistent with the Board's decision to retain the proposed BHD 9.1m dividend to preserve liquidity and financial resilience amid limited visibility on the duration of the disruption. We then forecast dividends of BHD 5m in FY 27e at DY of 6%, rising to BHD 7.4m in FY 28-31e as cash generation normalises and the payout returns to 100%. This supports a 9% dividend yield from FY 27e onwards. However, future distributions remain subject to Board recommendation, shareholder approval, cash flow requirements, investment needs and prevailing market conditions.

Exhibit 30: FCF and DY should revert to 9-11% from FY 27e onwards as operations normalize



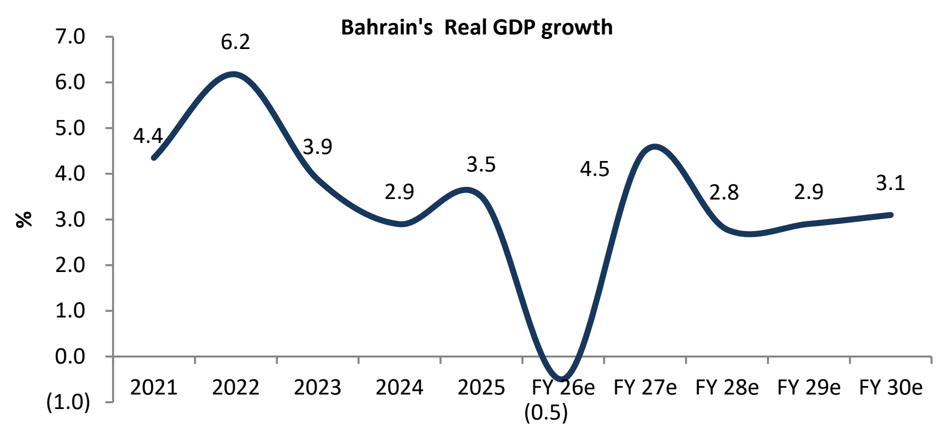
Source: Arqaam Capital Research, Company Data

More on Industry

Bahrain's economy should grow at 3% in FY 27-30e, led by non-oil growth

Bahrain's economy expanded by 3.5% in FY 25, driven primarily by the non-oil sector, which grew by 4.1%, while oil GDP declined by 0.3%. Non-oil activities accounted for 86% of GDP in FY 25A, underscoring the economy's diversification and limited dependence on hydrocarbons. Non-oil activity should remain the main support for KBSP, with IMF forecasts pointing to c.3% GDP growth over FY 27-30e.

Exhibit 31: IMF expects Bahrain's GDP to contract 0.5% in FY 26e, before recovering 4.5% in FY 27e; we see significant downside risk to the IMF estimates for FY 26e



Source: IMF WEO, Haver Analytics

Khalifa Bin Salman Port (KBSP) - The only general commercial port facility in Bahrain

Located on 110 hectares (ha) of reclaimed land, the port features a 1,800m quay, which includes a 900k sqm container terminal served by four 61m post-Panamax cranes, along with general cargo, Ro-Ro, and passenger facilities. KBSP's strategic location in the middle of the Arabian Gulf, combined with its deep-water berths and approach channel, enables it to accommodate the largest oceangoing container vessels. Its direct overland links to the mainland of the Kingdom of Saudi Arabia position the port as a major regional distribution center.

Situated in Salman Industrial City, the port is just 13km from Bahrain International Airport and 5km from a purpose-built causeway. Access to the Kingdom of Saudi Arabia via the King Fahad Causeway is only a 30km drive.

Managed by private operator APM Terminals, a global terminal operator, the port is one of the most modern in the Arabian Gulf, capable of handling container vessels with efficiency comparable to the world's most productive ports. The Ports & Maritime Affairs supervises and regulates the port's operations in line with the concession agreement.

Bahrain's commercial port landscape is effectively centred on KBSP

Bahrain's port infrastructure comprises Khalifa Bin Salman Port (KBSP) and Mina Salman Port (MSP). While MSP was historically Bahrain's main commercial port, commercial activity was progressively transferred to KBSP following its commencement of operations in 2009. MSP now has only limited commercial activity, with the long-term plan being for the port to operate exclusively as a military facility.

This transition was reinforced in 2018, when the UK opened its permanent Middle East naval base at MSP, with capacity to accommodate around 500 Royal Navy personnel. As a result, KBSP is effectively Bahrain's sole full-scale commercial gateway for containerised cargo, general cargo, RoRo and marine services, supporting APM Terminals Bahrain's central role in facilitating the country's trade flows.

Exhibit 32: KBSP is located in Salman Industrial City/Al Hidd in Muharraq, with direct road connectivity to the King Fahd Causeway and Saudi Arabia.

Source: Arqaam Capital Research

Key non-oil sectors relevant to port activity:

Exhibit 33: Manufacturing, construction and wholesale trade represent 26% of GDP, grew 4-5% in FY 25, supporting cargo demand

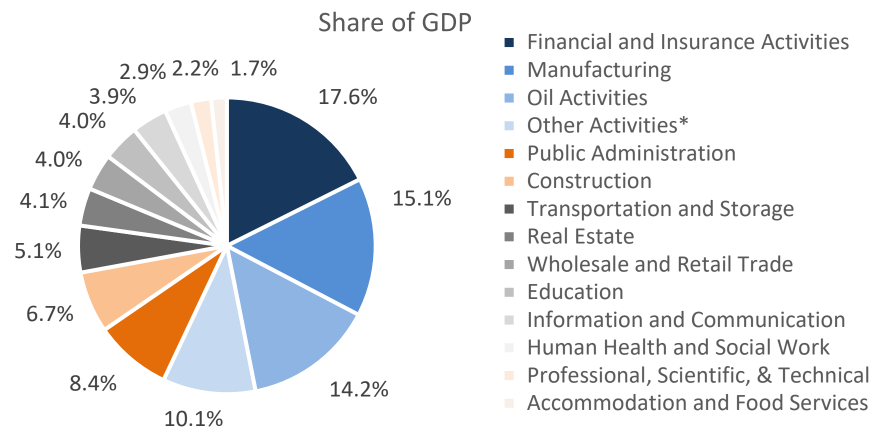
Sector	Share of GDP	2025 Growth
Financial & Insurance activities	18%	6%
Manufacturing	15%	4%
Construction	7%	5%
Transportation & Storage	5%	5%
Wholesale & Retail Trade	4%	4%

Source: Arqaam Capital Research, Information & eGovernment Authority

Industrial activity remains a key cargo anchor for KBSP through both imports of industrial inputs and exports of higher-value manufactured products.

Manufacturing represents Bahrain's second-largest economic sector, accounting for 15% of GDP, and expanded by 4% in FY 25A. Importantly, Bahrain's export base remains heavily concentrated in industrial products with base metals and metal products accounting for 60% of national-origin exports; followed by Mineral products (15%) and Chemical products (7%).

Exhibit 34: Manufacturing is Bahrain's second-largest economic sector, accounting for 15.1% of GDP



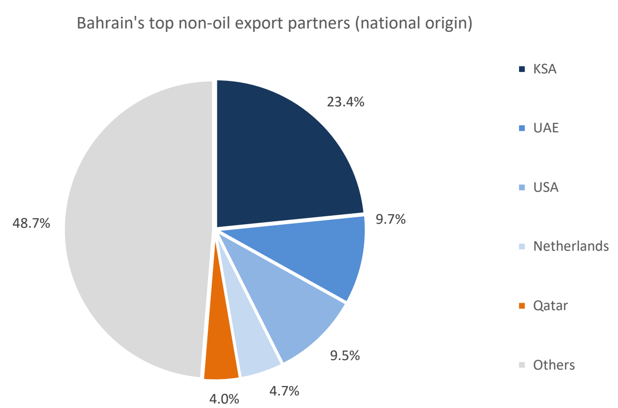
Source: Arqaam Capital Research, Information & eGovernment Authority

Bahrain's non-oil trade flows support KBSP's gateway role, with KSA-led exports driving Gateway volumes and diversified imports support inbound cargo demand

Bahrain's non-oil trade base remains supportive for KBSP, with non-oil exports and imports rising 5% y/y in FY 25A. On the export side, Saudi Arabia remained Bahrain's largest national-origin non-oil export market at 23%, well ahead of the UAE at 9.7% and the US at 9.5%, reinforcing the strategic value of APMTB's "Gateway to KSA" pillar and the potential to capture more Saudi-linked cargo flows following successful cross-border trials. That said, rising Saudi port self-sufficiency remains the key structural risk.

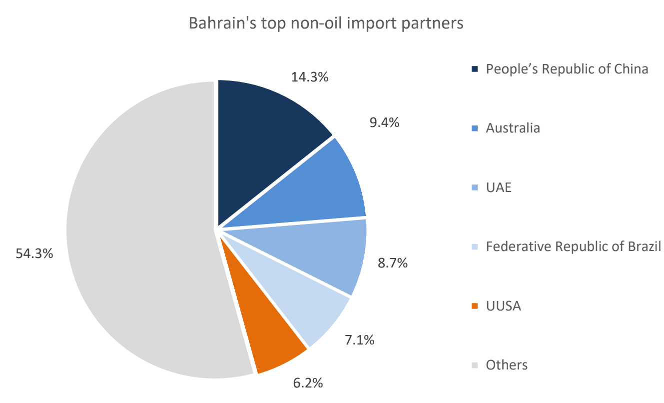
On the import side, demand is diversified across China, Australia, UAE, Brazil and the US, with mechanical/electrical equipment, chemicals and minerals forming the largest import categories, supporting both container and general cargo activity.

Exhibit 35: KSA is the largest destination for Bahrain's national-origin non-oil exports, 23.4% in FY 25A.



Source: Arqaam Capital Research, Information & eGovernment Authority

Exhibit 36: Diversified inbound demand supports KBSP cargo flows



Source: Arqaam Capital Research, Information & eGovernment Authority

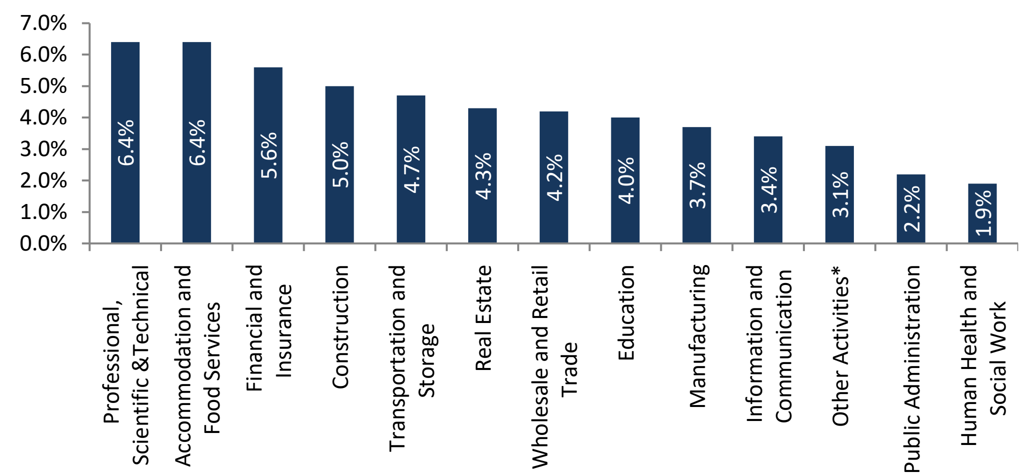
Despite geopolitical volatility, Bahrain's gateway market has continued to generate stable cargo flows with import containers increasing 0.5% y/y

Bahrain's logistics sector remained resilient in FY 25, with transportation and storage activities expanding by 5%, supported by continued growth in passenger and trade flows. Passenger volumes at Bahrain International Airport increased 7% y/y, while traffic across the King Fahd Causeway rose 2.0%, highlighting sustained connectivity with regional markets, particularly Saudi Arabia. Imported container volumes also increased 0.5% y/y, indicating broadly stable underlying gateway demand despite a more challenging global trade backdrop.

Consumption and construction continue to support cargo demand in FY 25A at 5% and 4% growth, respectively

Construction and wholesale & retail trade, two of Bahrain's most import-intensive sectors, continued to expand in FY 25A, supporting underlying gateway demand. Construction GDP grew 5.0%, alongside a 76% y/y increase in the built-up area of issued permits and a 13% rise in permit volumes, pointing to sustained demand for construction materials and project-related cargo. Wholesale & retail trade increased by 4% in FY 25A, supported by a 10% increase in point-of-sale and e-commerce transaction value to BHD 5.2bn, 26.0% higher mall footfall and a 7% increase in active commercial registrations. Together, this supports imports of consumer goods, construction materials and project cargo handled through KBSP.

Exhibit 37: Non-oil activities, accounting for 86% of GDP, expanded 4% in FY 25A on broad-based sector growth



Source: Arqaam Capital Research, Information & eGovernment Authority

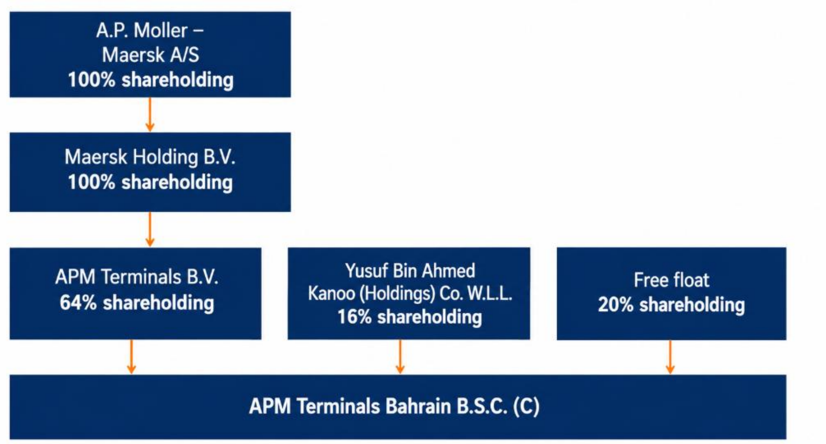
More on APM Terminals Bahrain

APM Terminals Bahrain - Sole concession operator of Bahrain's only commercial port

APM Terminals Bahrain is a listed, single-asset port operator managing Khalifa Bin Salman Port (KBSP), Bahrain's only general commercial port facility, under a 25-year concession running from Apr-09 to Mar-34, after the expiry of Mina Salman concession agreement which was in force for a period commencing from Dec-06 and expired on the commercial operation date of KBSP in Apr-09. The company listed on the Bahrain Bourse in Dec-18 following the IPO of 20% of its shares.

The company is a subsidiary of APM Terminals B.V., a Dutch company. APM Terminals is part of the Maersk Group, which is ultimately controlled by A.P. Møller Holding A/S in Denmark and owned by the A.P. Møller Foundation.

Exhibit 38: Shareholder structure



Source: Arqaam Capital Research, Company data

APMTB's business model is highly concentrated around KBSP, which acts as Bahrain's main gateway for container, general cargo, RoRo, cruise and marine services. The company is 64% owned by APM Terminals B.V., 16% by Yusuf Bin Ahmed Kanoo (Holdings), with the remaining 20% held by public shareholders following its 2018 IPO.

Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. is the holding company of YBA Kanoo Group, a privately owned Bahraini family conglomerate established in 1890. The group has diversified interests spanning shipping, logistics, travel, machinery, oil and gas, power and industrial projects, marine services, real estate, consumer products, technology and joint ventures. It operates through an extensive network of offices across KSA, Bahrain, UAE, Oman, Qatar and Yemen, supported by a representative office in the UK and associates in other markets.

Exhibit 39: Ownership Structure

Shareholder	%
APM Terminals B.V.	64
Yusuf Bin Ahmed Holdings	16
Free float	20

Source: Arqaam Capital Research, Company Data

The concession provides visibility until FY 34e, subject to fixed and variable royalty fees

APMTB signed the KBSP concession agreement with the government of Bahrain on 8 November 2006, granting the company the exclusive right to operate KBSP for 25 years from 1 April 2009. In exchange, the company pays the government a fixed annual lease fee starting at BHD 700k and increasing by 2% per year, in addition to a variable royalty fee.

The variable royalty fee represents 31% of non-marine revenue and 10% of marine revenue (since 2021), with an additional 3% penalty in case of failure to meet transshipment targets or KPIs set under the concession agreement.

> **Transshipment target:** APMTB is required to use reasonable efforts to meet annual transshipment targets. The government may terminate the concession if four-year average volumes fall below 60% of target, unless the shortfall is due to external factors despite the company's efforts. APMTB has not met its target since KBSP commenced operations and has paid the maximum 3% penalty annually since 2012, which is expected to continue.

APMTB operates Bahrain's only general commercial port, with 1.0m TEU capacity, 1,800m berth length and 63.5k sqm of warehousing

KBSP is the core asset behind APMTB's investment case. Located on 900k sqm of reclaimed land in Hidd, the port includes a container terminal, general cargo facilities, RoRo handling, passenger facilities and warehousing capacity. The port has 1,800m of berth length, 15m maximum depth, 4 post-panamax ship-to-shore cranes and 1.0m TEU annual terminal capacity.

KBSP has the potential to expand capacity to 2.5m TEUs from its current 1.0m TEU capacity. This was reiterated in the February 2025 LOI with Bahrain's Ministry of Transportation and Telecommunications, which targets more than doubling port throughput by 2030. However, the expansion plan was subsequently halted amid recent disruptions, with no further update provided.

Exhibit 40: KBSP asset overview

Asset parameter	
Location	Hidd, Bahrain
Land area	900k sqm
Berth length	1,800m
Current capacity	1.0m TEUs
Built up capacity	2.5m TEUs
Maximum depth	15m
Warehouse area	63.5k sqm
Ambient temperature-controlled area	1.8k sqm
STS cranes	4

Source: Company Data, Arqaam Capital Research

Revenue segments

APM Terminals Bahrain generates revenue from three core service lines: container services, general-cargo services and marine services. Container services are the largest contributor (47% of revenue in FY 25A), followed by general cargo (27%) and marine services (26%). Each segment has a different volume unit and demand driver: containers are measured in TEUs, general cargo in tons or units handled, and marine services in vessel calls.

- **Container services:** Handling, storage and related terminal services for containerised cargo, measured in TEUs. Volumes include local/gateway trade, transshipment and in-transit cargo to the hinterland, including Saudi Arabia. Revenue is driven by throughput, container mix, storage time and handling charges.
- **General-cargo services:** Handling of non-containerised cargo, including bulk and breakbulk commodities, RoRo vehicles, project cargo and cruise/passenger activity. Demand is linked to construction, industrial activity, commodity imports and vehicle volumes, while revenue depends on cargo mix and handling intensity.
- **Marine services:** Pilotage, towage and other vessel-support services required for ships to enter, berth and leave KBSP, Mina Salman Port and private jetties. Revenue is mainly driven by vessel calls, ship size and the mix of marine services provided.

APMTB became the Middle East's first 100% renewable-powered port, with 11.4 MWp solar plant generating 16.9 GWh in 10 months

APMTB's sustainability profile became an integral part of the thesis starting FY 25A. The company commissioned an 11.4 MWp rooftop solar plant in Feb-25, covering 71k sqm across warehouses inside the terminal. The plant guarantees a minimum of 17 GWh of clean electricity annually and positions KBSP as the first port in the Middle East to meet 100% of its electricity needs through renewable energy.

By Dec-25, the plant had generated 16.9 GWh over 10 months, of which 12.9 GWh was consumed internally and 4.0 GWh was credited to the national grid. The project delivered c.USD 1m in annual savings and offset c.70% of ytd carbon emissions. The company also reported a 4% reduction in Scope 1 emissions and a 100% reduction in Scope 2 emissions.

Exhibit 41: Milestones

Year	Event
FY 06	APMTB incorporated and signed KBSP concession agreement with the Government of Bahrain
FY 09	Commercial operations at KBSP commenced on 1 April 2009
FY 18	IPO of 18m existing shares, equivalent to 20% of issued capital, at BD 0.660/share
FY 18	Company converted to a public joint stock company and listed on Bahrain Bourse
FY 24	KBSP 2023 Public Tariff implemented, generating c.USD 7m annualized revenue impact
FY 24	KBSP 2030 strategy announced around Gateway to KSA, Ship & Steel Recycling, Food Security Hub and Building Materials Hub
FY 25	11.4 MWp solar plant commissioned, making KBSP the first Middle East port to meet 100% of electricity needs through renewable energy
FY 34e	Current KBSP concession expires on 31 March 2034, unless extended

Source: Company Data, Arqaam Capital Research

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