

Al Waha Capital PJSC

Fair value gain on the sale of Almarkaz Phase 1 & 2A drove profitability

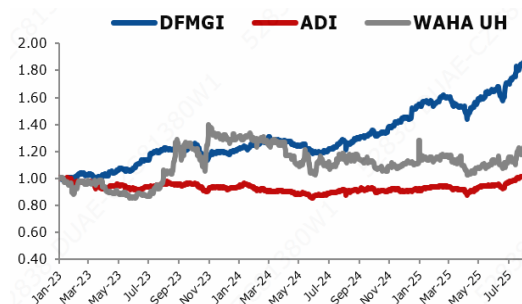
Current Price
AED 1.64

Target Price
AED 2.00

Upside/Downside (%)
+22%

Rating
BUY

- Total income rose from AED 156 Mn in 2Q24 to AED 381 Mn in 2Q25, attributed to growth in income from Public Markets and WAHA Land.
- The Group's AUM reached AED 12.6 Bn in 2Q25, owing to a significant inflow of capital into Waha Investment's credit and equity funds.
- Private Investments segment AUM reached AED 649 Mn in 1H25, consisting of a diversified portfolio and established assets in strategic sectors.
- WAHA Land anticipates launching stage 3 at ALMARKAZ and estimates to double the existing leasable footprint.
- Waha's total borrowings declined from AED 6.2 Bn in 1Q25 to AED 4.8 Bn in 2Q25.



2Q25 Net Profit lower than our estimate

Al Waha Capital PJSC (the Group/Waha) net profit rose substantially from AED 38 Mn in 2Q24 to AED 128 Mn in 2Q25, higher than our estimate of AED 91 Mn. The rise in net profit is driven by higher total income, attributed to an increase in revenue from sale of goods and services, income from Property Investments, income from financial investments, and finance income, partially offset by a rise in expenditures and tax expense.

P&L Highlights

Waha's total income more than doubled from AED 156 Mn in 2Q24 to AED 381 Mn in 2Q25, attributed to growth in income from Public Markets and WAHA Land, partially offset by a decline in Private Investments income. The Group's Public Market income surged to AED 223 Mn in 2Q25 compared to a loss of AED 3 Mn in 2Q24. On the other hand, income from Private Investments fell to AED 66 Mn in 2Q25, down from AED 145 Mn in 2Q24, due to a decline in the share of profits from equity accounted investments along with lower gains from financial investments, partially offset by an increase in revenue from the healthcare business. Waha Land's income rose substantially from AED 13 Mn in 2Q24 to AED 93 Mn in 2Q25, due to fair value gain on disposal of assets and fair value gain on investment property. The Group's total assets under management (AUMs) increased 16% YOY to AED 12.6 Bn in 2Q25, owing to solid inflows of third-party capital into Waha Investment's funds. Income from financial investments grew from AED 72 Mn in 2Q24 to AED 202 Mn in 2Q25, while income from property investments increased from AED 13 Mn in 2Q24 to AED 93 Mn in 2Q25. The Group's finance income doubled to AED 33 Mn in 2Q25 from AED 16 Mn in 2Q24. Furthermore, the Group's expenditures increased 50.0% YOY to AED 115 Mn in 2Q25, owing to an increase in staff cost. Finance cost fell 41.1% YOY to AED 52 Mn in

Stock Information

Market Cap (AED, Mn)	3,107.80
Paid Up Capital (Mn)	1,883.51
52 Week High	1.78
52 Week Low	1.34
3M Avg. daily value (AED)	3,046,930

2Q25 Result Review (AED, Mn)

Total Assets	14,702
Total Liabilities	5,947
Total Equity	8,755
Total Income	381
Net Profit	128

Financial Ratios

Dividend Yield (12m)	6.17
Dividend Pay-out (%)	49.40
Price-Earnings Ratio(x)	7.94
Price-to-Book Ratio (x)	0.78
Book Value (AED)	2.11
Return-on Equity (%)	9.99

Stock Performance

5 Days	1.86%
1 Months	7.19%
3 Months	10.81%
6 Months	4.46%
1 Year	5.81%
Month to Date (MTD%)	-1.80%
Quarter to Date (QTD%)	6.49%
Year to Date (YTD%)	-5.75%

2Q25, due to a decline in borrowings. Waha's tax expenses doubled from AED 2 Mn in 2Q24 to AED 4 Mn in 2Q25. The share of profit attributable to non-controlling interest stood at AED 83 Mn in 2Q25 compared to a loss of AED 50 in 2Q24.

Balance Sheet Highlights

The Group's financial investments declined to AED 9.9 Bn in 2Q25 compared to AED 10.9 Bn in 1Q25. Cash and cash equivalents grew from AED 1.1 Bn in 1Q25 to AED 1.9 Bn in 2Q25, whereas trade and other receivables remained steady at AED 2.2 Bn in 2Q25 compared to 1Q25. Waha's total borrowings declined from AED 6.2 Bn in 1Q25 to AED 4.8 Bn in 2Q25. The Group's trade and other liabilities rose to AED 658 Mn in 2Q25, up from AED 420 Mn in 1Q25.

Target Price and Rating

We maintain our BUY rating on Waha Capital with a revised target price of AED 2.00. The Group recorded solid growth in profitability, fueled by prudent capital allocation, robust fund performance, and solid execution across key business areas. WAHA's Capital's business segment aims to create long-term value through its active management strategy and disciplined approach. The Group's AUM reached AED 12.6 Bn in 1H25 owing to a significant inflow of capital into Waha Investment's credit and equity funds. The Waha Emerging Market Credit Fund generated a substantial risk-adjusted return of 283.8% since inception, outperforming the benchmark index that delivered 71.9% returns. Similarly, the Waha MENA Equity Fund and the Waha Islamic Income Fund outperformed their respective benchmarks, generating a healthy return of 381.2% since inception. Waha Health expanded its operations in May 2025 by inaugurating the Orchid Fertility facility to fulfil the growing healthcare demands. The Facility consists of specialised medical experts with a significant success rate of 71%, higher than the global benchmark. Furthermore, WAHA Land sold stage 1 and 2A assets in 2Q25, generating a cash flow of AED 528 Mn and fair value gain of AED 61 Mn, providing capital for development of future phases at ALMARKAZ. Occupancy for stage 2B expansion stood at 100% as of 1H25, whereas WAHA Land anticipates launching stage 3 at ALMARKAZ by including Industrial and Logistics assets in the portfolio. This expansion is estimated to double the existing leasable footprint, envisioning future revenue. WAHA Land is continuously working on improving the ALMARKAZ platform by developing and leasing the remaining landbank, as well as exploring future collaborative opportunities with Aldar. Moreover, the Group remains committed to scaling its business segments through strategic initiatives aimed at unlocking capital for development, enhancing investment capabilities, and creating long-term value for business partners and shareholders. Thus, based on our analysis, we assigned a BUY rating on the stock.

Waha Capital - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	6.6	7.6	8.8	6.8	8.0	10.4
PB	1.0	0.9	0.9	0.8	0.8	0.7
EPS	0.244	0.213	0.184	0.236	0.202	0.154
BVPS	1.649	1.801	1.864	2.000	2.099	2.193
DPS (AED)	0.060	0.075	0.080	0.100	0.100	0.100
Dividend yield	3.7%	4.7%	5.0%	6.1%	6.1%	6.1%

FABS Estimates & Co Data

Waha Capital – P&L

AED Mn	2Q24	1Q25	2Q25	2Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	39	41	47	42	11.3%	21.3%	13.6%	150	173	15.0%
Income from Property Investment	13	17	93	17	NM	NM	NM	69	120	72.8%
Income from Financial Investment	72	214	202	218	-7.4%	NM	-5.6%	941	824	-12.4%
Share of results of associates	11	4	3	5	-30.6%	-68.2%	-13.2%	21	23	8.0%
Finance income	16	21	33	22	52.9%	NM	58.5%	77	108	41.2%
Other Income	5	3	3	5	-37.4%	-36.5%	-4.9%	39	22	-45.0%
Gain on disposal of associates / JV	0	29	0	31	NM	NM	NM	68	29	-58.0%
Total Income	156	330	381	339	12.3%	NM	15.6%	1,366	1,298	-4.9%
Expenditures	-77	-94	-115	-86	33.5%	50.0%	23.2%	-377	-397	5.4%
Finance cost	-88	-77	-52	-76	-31.6%	-41.1%	-31.9%	-309	-258	-16.4%
Total Expenses	-165	-170	-167	-163	3.0%	1.3%	-1.6%	-686	-655	-4.4%
Profit before tax	-10	160	214	177	20.9%	NM	33.9%	680	643	-5.4%
Tax expense	-2	-2	-4	-2	53.3%	73.8%	65.5%	0	-10	NM
NCI	-50	77	83	84	-1.4%	NM	7.9%	298	269	-9.8%
Profit for the period	38	81	128	91	40.7%	NM	57.7%	381	364	-4.5%

FABS estimate & Co Data

Waha Capital - Margins

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Cost-to-Income	44.8%	69.7%	66.9%	2,207	-281	70.8%	66.6%	-413
Net Profit	24.6%	24.6%	33.5%	891	894	27.9%	28.0%	12

FABS estimate & Co Data

Valuation:

We use Discounted Free Cash Flow (DCF) and Dividend Discount Method (DDM) to value Waha Capital. We have assigned equal weight to DCF and DDM valuation methods.

Valuation Method	Target	Weight	Weighted Value
DCF Method	2.72	50.0%	1.36
DDM Method	1.28	50.0%	0.64
Weighted Average Valuation (AED)			2.00
Current market price (AED)			1.64
Upside/Downside (%)			+22%

1) DCF Method:

Waha Capital is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 7.2%. It arrived after using the cost of equity of 10.0% and after tax cost of debt of 5.4%, with a debt-to-equity ratio of 1.59x. Cost of equity is calculated by using a 10-year government bond yield of 5.1%, a beta of 1.05 and an equity risk premium of 4.7%. Government bond yield is calculated after adding Abu Dhabi 10-year CDS spread over the 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	2,495
Terminal value (AED, Mn)	10,387
FV to Common shareholders (AED, Mn)	5,121
No. of share (Mn)	1,884
Current Market Price (AED)	1.64
Fair Value per share (AED)	2.72

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	901	780	785	752	718
D&A	16	16	17	18	20
Changes in working capital	-269	113	-51	-69	53
(-) Capex	-79	-75	-76	-74	-71
Free Cash Flow to Firm (FCFF)	285	835	675	628	719
Discounting Factor	0.97	0.91	0.85	0.79	0.74
Discounted FCFF	138	758	572	496	530

Source: FAB Securities

2) DDM Method:

Waha Capital has distributed dividends during the past five years. Over the last three years, the Company maintained an average dividend payout ratio of approximately 45%. Looking ahead, we expect the payout ratio to average around 50% over the next five years. The dividend is discounted at the cost of equity of 10.0%.

Sum of PV (AED, Mn)	781
Terminal value (AED, Mn)	1,623
FV to Common shareholders (AED, Mn)	2,404
No. of share (Mn)	1,884
Current Market Price (AED)	1.64
Fair Value per share (AED)	1.28

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Dividend Paid					
12 months	194	194	194	194	194
Total Dividend	194	194	194	194	194
Discounting Factor	0.96	0.88	0.80	0.72	0.66
Present Value of Dividend	187	170	155	141	128

Source: FAB Securities

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani +971-2-6161629 ahmad.banihani@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk +971-2-6161700/1 Online Trading Link

+971-2-6161777

Institutional Desk +971-4-4245765

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