First Look Note | 3Q26

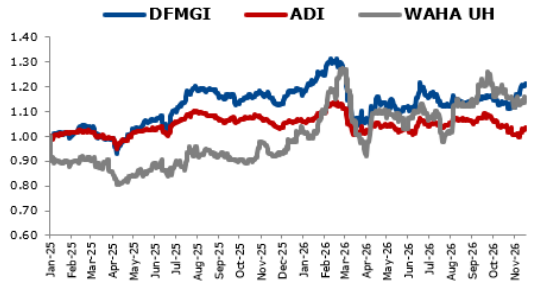
UAE Equity Research | Sector: Financials | Market: ADX

Waha Capital Company

Market volatility moderates earnings amid soft investment returns

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.98	AED 2.20	+11%	ACCUMULATE

- Effective 1 October 2025, Waha Capital updated its financial reporting framework to better align with its investment-led structure, presenting investments at fair value instead of consolidating them line by line.
- Total AUM stood at c. AED 14.1 Bn as of 3Q26, including third party AUM of c. AED 8.7 Bn (USD 2.4 Bn), following gross third-party subscriptions of over USD 400 Mn during 9M26.
- ALMARKAZ's Stage 2B achieved 100% occupancy with rental income of c. AED 30 Mn, while Stage 3A and 3B under development expected to be completed between 2H27 and early 2028.
- Company paid dividends of AED 188.4 Mn during 9M26, representing 10 fils per share cash dividend for 2025.



Stock Information	
Market Cap (AED, Mn)	3,729.36
Paid Up Capital (Mn)	1,883.51
52 Week High	2.25
52 Week Low	1.59
3M Avg. daily value (AED)	2,801,339

3Q26 Result Review (AED, Mn)	
Total Assets	5,742
Total Liabilities	752
Total Equity	4,990
Total Income	104
Net Profit	38

Financial Ratios	
Dividend Yield (12m)	5.03
Dividend Pay-out (%)	18.52
Price-Earnings Ratio(x)	3.55
Price-to-Book Ratio (x)	0.74
Book Value (AED)	2.67
Return-on Equity (%)	22.96

Stock Performance	
5 Days	-1.98%
1 Months	-1.49%
3 Months	1.54%
6 Months	5.88%
1 Year	23.75%
Month to Date (MTD%)	2.06%
Quarter to Date (QTD%)	-6.16%
Year to Date (YTD%)	11.24%

3Q26 Net Profit lower than our estimate

Waha Capital Company (the company/Waha) net profit declined substantially from AED 134 Mn in 3Q25 to AED 38 Mn in 3Q26, lower than our estimate of AED 247 Mn. The decline in net profit was driven by lower total income, partially offset by lower total expenditure and finance cost, coupled with nil taxation and no share of profit attributable to NCI.

P&L Highlights

Waha's total income declined from AED 373 Mn in 3Q25 to AED 104 Mn in 3Q26, primarily reflecting lower contributions from Public Markets and Private Investments. Effective 1 October 2025, Waha Capital was classified as an investment entity under IFRS 10, resulting in the deconsolidation of certain subsidiaries and their recognition at fair value through profit or loss (FVTPL). Accordingly, prior-period financial comparisons are not directly comparable. As a result, Waha did not report revenue from sale of goods and services since 4Q25. Public Markets income declined to AED 72 Mn from AED 270 Mn in 3Q25, primarily reflecting absence of Public Market Funds in 3Q26 following the adoption of investment entity accounting. The Company reported fee income of AED 53 Mn compared to nil in 3Q25, as fee income was eliminated on consolidation, and a net mark-to-market gain of AED 18 Mn on Public Market fund investments compared to nil in 3Q25. The income from the consolidation of Public Market funds were nil in 3Q26 compared to AED 270 Mn in 3Q25. Private Investments income declined to AED 21 Mn in 3Q26 from AED 99 Mn in 3Q25, primarily due to the absence of revenue from the healthcare business, which contributed nil in 3Q26 compared to AED 42 Mn in 3Q25 supported by lower income from financial investments, which decreased to AED 19 Mn in 3Q26 compared to a gain of AED 53 Mn in 3Q25. Waha Land reported nil income in 3Q26 compared to AED 4 Mn in 3Q25. Meanwhile, Corporate income increased to AED 10 Mn

from AED 0.3 Mn in 3Q25, comprising financing income of AED 2 Mn and other income of AED 8 Mn in 3Q26. Total expenses decreased from AED 134 Mn in 3Q25 to AED 66 Mn in 3Q26, comprising of expenditures which reduced 42.3% YOY to AED 56 Mn and finance cost which reduced from AED 37 Mn in 3Q25 to AED 10 Mn in 3Q26. Waha Capital recorded a tax credit of AED 1 Mn in 3Q25 compared to nil taxation in 3Q26. The share of profit attributable to non-controlling interest stood at nil in 3Q26 compared to AED 106 Mn in 3Q25, due to derecognition of NCIs.

Balance Sheet Highlights

Total assets remained broadly stable at AED 5.7 Bn in 3Q26 compared to 2Q26, however declined from AED 14.7 Bn in 3Q25 due to deconsolidation of operating subsidiaries. Also, the investment in subsidiaries measured at FVTPL were stable at AED 5.0 Bn in 3Q26, compared to 2Q26. Borrowings were stable at AED 544 Mn in 3Q26 compared to 2Q26. Total equity increased marginally from AED 4.9 Bn in 2Q26 to AED 5.0 Bn in 3Q26, however declined from AED 8.8 Bn in 3Q25 mainly due to derecognition of NCI. Cash and bank balances stood at AED 324 Mn in 3Q26, compared to AED 291 Mn in 2Q26.

Target Price and Rating

We revise our rating from BUY to ACCUMULATE on Waha Capital with an unchanged target price of AED 2.20. Effective 1 October 2025, Waha Capital adopted an investment entity accounting framework to better align its financial reporting with its investment-led business model, resulting in the deconsolidation of certain subsidiaries and their recognition at fair value through profit or loss (FVTPL), while entities providing investment management services remain consolidated. Accordingly, prior-period financial comparisons are not directly comparable. Waha's Public Markets business, operated through Waha Investments, continued to demonstrate resilience, with AUM increasing 17.6% YTD to AED 12.7 Bn as of 3Q26, compared to AED 10.8 Bn as of 4Q25. Within this, AUM attributable to equity holders of the parent increased to AED 3.9 Bn from AED 3.7 Bn over the same period. The Waha Emerging Markets Credit Fund SP generated a net return of 7.3% during 9M26 on a fund size of AED 6.23 Bn (USD 1.69 Bn), while the Waha MENA Equity Fund SP delivered a net return of 5.1% on a fund size of AED 3.44 Bn (USD 935 Mn). Meanwhile, the Waha Islamic Income Fund SP remained flat, with a fund size of AED 0.28 Bn (USD 76 Mn). The funds continued to build on their long-term track records, delivering cumulative net returns since inception of 337.5% for the Emerging Markets Credit Fund, 436.6% for the MENA Equity Fund and 37.5% for the Islamic Income Fund. All three funds outperformed their respective reference benchmarks during 9M26, reflecting the investment platform's performance despite challenging market conditions. Total Group AUM reached AED 14.1 Bn as of 3Q26, including Public Markets AUM of AED 12.7 Bn and third-party AUM of AED 8.7 Bn (USD 2.4 Bn). Waha Investments attracted gross third-party subscriptions of over USD 400 Mn during 9M26, reflecting continued investor demand across its investment strategies and supporting the expansion of its fee-generating asset management platform. The continued growth in third-party capital and recurring management fees provides greater earnings visibility and strengthens the Group's asset management platform. Private Investments also continued to contribute to performance, with AUM increasing to AED 771 Mn as of 3Q26 from AED 717 Mn as of 4Q25, supported by active portfolio management, valuation gains and selective investment realisations. Waha Land continued to advance its industrial and logistics development programme at ALMARKAZ, with Stage 2B adding c. 75.5k sqm of industrial and logistics space and achieving full occupancy within two quarters of commencing leasing. The completed development generates annual rental income of c. AED 30 Mn, providing a recurring income base and supporting the expansion of the Group's real-asset portfolio. The next phase, Stages 3A and 3B, are expected to add c. 225k sqm of GFA at an estimated capital investment of c. AED 500 Mn, of which AED 45 Mn had been deployed as of 3Q26. Construction is underway, with phased completion targeted between 2H27 and early 2028. Upon completion, the expansion is expected to almost double the leasable portfolio at ALMARKAZ, strengthening its contribution to recurring rental income over the medium term. Waha Capital continued to execute its share buyback programme, repurchasing 8.5 Mn shares for AED 14.8 Mn during 9M26, reflecting its focus on shareholder returns alongside investments in its growth platforms. While earnings moderated in 3Q26 amid market volatility, continued AUM growth, strong fund performance and progress across Private Investments and Waha Land reinforce the Group's diversified platform. Growing recurring fee income, third-party fundraising and ALMARKAZ expansion are expected to support earnings visibility and medium-term growth. Thus, based on the above factors, we revise our rating to ACCUMULATE on the stock.

Waha - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	9.45	10.92	8.58	9.77	3.71	6.80
PB	1.18	1.12	1.04	0.96	0.79	0.73
BVPS	1.703	1.801	1.932	2.099	2.548	2.741
EPS	0.213	0.184	0.234	0.206	0.542	0.295
DPS	0.071	0.077	0.100	0.100	0.100	0.100
Dividend Yield	3.6%	3.9%	5.0%	5.0%	5.0%	5.0%

FABS Estimates & Co Data

Waha – P&L

AED Mn	3Q25	2Q26	3Q26	3Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue from sale of goods and services	41	0	0	0	NM	NM	NM	130	0	NM
Income from Property Investments	4	0	0	0	NM	NM	NM	114	0	NM
Income/ (loss) from financial investments	298	258	37	232	NM	NM	NM	1,165	528	-54.7%
Fee Income	0	105	53	112	NM	NM	-49.3%	115	285	NM
Share of results of asso/JV	2	0	0	0	NM	NM	NM	9	0	NM
Finance income	24	3	6	4	47.3%	NM	NM	83	18	NM
Other Income, net	3	0	8	0	NM	NM	NM	1	8	NM
Gain on deconsolidation of subsidiaries	0	0	0	0	NM	NM	NM	259	0	NM
Impairment of associate / JV	0	0	0	0	NM	NM	NM	-8	0	NM
Gain on disposal of asso/JV	0	0	0	0	NM	NM	NM	29	0	NM
Total Income	**373**	**366**	**104**	**348**	**NM**	**NM**	NM	**1,897**	**839**	NM
Expenditures	-97	-75	-56	-90	-38.2%	-42.3%	-25.6%	-438	-247	-43.6%
Finance cost	-37	-10	-10	-10	0.5%	NM	0.5%	-177	-41	NM
Total Expenses	**-134**	**-85**	**-66**	**-101**	**-34.3%**	**-50.7%**	-22.5%	**-615**	**-287**	NM
Profit before tax	**239**	**281**	**38**	**247**	**NM**	**NM**	NM	**1,282**	**552**	NM
Tax expense	1	0	0	0	NM	NM	NM	-5	0	NM
NCI	106	0	0	0	NM	NM	NM	265	0	NM
Profit for the period	**134**	**281**	**38**	**247**	**NM**	**NM**	**NM**	**1,012**	**552**	**-45.5%**

FABS estimate & Co Data

Waha - Margins

	3Q25	2Q26	3Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Cost-to-Income	72.2%	79.3%	43.1%	-2,912	-3,619	72.0%	69.9%	-203
Net Profit	36.0%	76.7%	36.5%	45	-4,028	53.4%	65.8%	NM

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	2.65	50.0%	1.33
DDM Method	1.75	50.0%	0.88
Weighted Average Valuation (AED)			**2.20**
Current market price (AED)			1.98
Upside/Downside (%)			+11%

1) DCF Method:

Waha is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 9.2%. It arrived after using the cost of equity of 9.7% and after-tax cost of debt of 5.9%, with a debt-to-equity ratio of 0.14x. Cost of equity is calculated by using a 10-year government bond yield of 5.3%, a beta of 1.05 and an equity risk premium of 4.2%. 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)	1,336
Terminal value (AED, Mn)	3,428
FV to Common shareholders (AED, Mn)	**4,764**
No. of shares (Mn)	1,880
Current Market Price (AED)	1.98
Fair Value per share (AED)	**2.65**

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
NOPAT	298	299	312	339	368	400
D&A	8	8	8	8	8	8
Changes in working capital	49	3	3	-7	-6	-6
(-) Capex	-17	-17	-17	-18	-19	-20
Free Cash Flow to Firm (FCFF)	**339**	**294**	**306**	**323**	**351**	**382**
Discounting Factor	0.99	0.91	0.83	0.76	0.70	0.64
Discounted FCFF	**84[1]**	**266**	**254**	**245**	**244**	**243**

Source: FAB Securities [1]Adjusted for Partial year

2) DDM Method:

Waha has distributed dividends during the past five years. Over the last four years, the Company maintained an average dividend payout ratio of c. 39%. Looking ahead, we expect the payout ratio to average around 40% over the next five years. The dividend is discounted at the cost of equity of 9.7%.

Sum of PV (AED, Mn)	1,118
Terminal value (AED, Mn)	2,172
FV to Common shareholders (AED, Mn)	**3,290**
No. of shares (Mn)	1,880
Current Market Price (AED)	1.98
Fair Value per share (AED)	**1.75**

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
Dividend Paid						
12 months	188	226	226	264	264	264
Total Dividend	**188**	**226**	**226**	**264**	**264**	**264**
Discounting Factor	*0.99*	*0.90*	*0.82*	*0.75*	*0.68*	*0.62*
Present Value of Dividend	**186**	**204**	**186**	**198**	**180**	**164**

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%

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