

Aldar Properties

Strong recognition of revenue backlogs and inventory sales boosted the top line

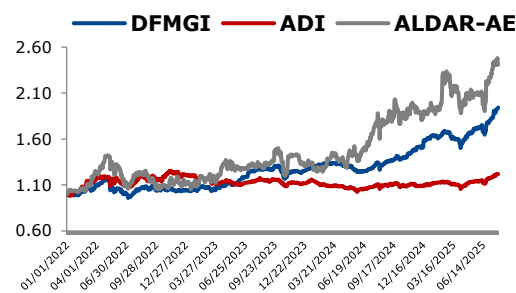
Current Price
AED 9.40

Target Price
AED 11.00

Upside/Downside (%)
+17.0%

Rating
BUY

- Aldar Development launched three new projects, Waldorf Astoria Residences on Yas Island, Fahid Beach Residences and The Beach House Fahid on Fahid Island in 2Q25.
- The Group revenue backlog stood at AED 62.3 Bn in 2Q25, with AED 53.4 Bn from the UAE.
- Aldar's liquidity remained strong at AED 29.7 Bn in 2Q25, including free cash of AED 12.2 Bn and an undrawn credit facility of AED 17.5 Bn.
- The Company maintained its 2025 guidance with AED 10.4 - 10.8 Bn EBITDA, with a plan to achieve the higher end of the guidance.
- Aldar maintains a D-Hold pipeline of AED 14.3 Bn in 2Q25, estimated to be completed between 2025 to 2029.



Stock Information

Market Cap (AED, Mn)	75,481.24
Paid Up Capital (Mn)	7,862.63
52 Week High	9.98
52 Week Low	6.33
3M Avg. daily value (AED)	11,915.93

2Q25 Result Review (AED, Mn)

Total Assets	98,556
Total Liabilities	53,916
Total Equity	44,640
EBITDA	2,829
Net Profit	1,971

Financial Ratios

Dividend Yield (12m)	2.0
Dividend Pay-out (%)	26.48
Price-Earnings Ratio(x)	10.99
Price-to-Book Ratio (x)	1.73
Book Value (AED)	4.44
Return-on Equity (%)	16.66

Stock Performance

5 Days	-2.04%
1 Months	9.09%
3 Months	14.29%
6 Months	25.00%
1 Year	32.60%
Month to Date (MTD%)	7.62%
Quarter to Date (QTD%)	7.62%
Year to Date (YTD%)	25.00%

2Q25 Net Profit higher than our estimate

Aldar Properties PJSC (Aldar/the Company) net profit increased 27.0% YOY to AED 1,971 Mn in 2Q25, higher than our estimate of AED 1,687 Mn. The increase in the net profit is primarily driven by significant growth in revenue, coupled with higher finance and other income, partially offset by a substantial increase in direct costs, higher operating expenses, an increase in finance cost, coupled with a significant increase in taxes and profits attributable to NCI holders.

P&L Highlights

Aldar's revenue saw a significant increase of 45.9% YOY in 2Q25, reaching AED 7,736 Mn. This growth was driven by strong double-digit performance in both the Development and Investment segments, supported by cross-platform growth driven by inventory sales, successful new launches, ongoing recognition of development revenue backlog, contributions from recurring income portfolio from both organic and acquisitions. Additionally, the Company's revenue backlog stood at AED 62.3 Bn as of 2Q25 compared to AED 54.6 Bn in 4Q24, providing strong revenue visibility across the UAE and International Business. Aldar's development revenue grew 54.2% YOY to AED 5.6 Bn, and Investment revenue increased 18.0% YOY to AED 1,895 Mn in 2Q25. The Company's direct costs grew almost in line with revenue from AED 3,478 Mn in 2Q24 to AED 5,175 Mn in 2Q25. Hence, gross profit increased significantly 40.3% YOY to AED 2,561 Mn in 2Q25, however gross margins fell 131 bps YOY to 33.1% in 2Q25. General expenses of Aldar rose 19.1% YOY to AED 461 Mn in 2Q25. Selling and marketing expenses surged 21.1% YOY to AED 38 Mn in 2Q25. Company's EBITDA rose 38.9% YOY to AED 2,829 Mn in 2Q25, due to strong growth in EBITDA across the Development and Investments segment. Development EBITDA rose by 44.2% YOY to AED 1,546 Mn, whereas Investment adjusted EBITDA grew by 26.0% YOY to AED 789

Mn in 2Q25. However, EBITDA margin fell from 38.4% in 2Q24 to 36.6% in 2Q25. Strategic acquisitions, increasing rental rates and near-full occupancy levels, alongside strong growth from Aldar Estates and Aldar Education, are driving income stability and revenue growth. Operating profit expanded 46.6% YOY to AED 2,061 Mn in 2Q25, with a marginal expansion in margin of 13 bps YOY to 26.6% in 2Q25. The Company's finance income grew 18.5% YOY to AED 202 Mn in 2Q25, and finance cost surged from AED 236 Mn in 2Q24 to AED 364 Mn in 2Q25. Other Income also increased from AED 491 Mn in 2Q24 to AED 589 Mn in 2Q25. Aldar's income tax surged significantly from AED 75 Mn in 2Q24 to AED 296 Mn in 2Q25 due to the introduction of a 15% statutory rate. Furthermore, profit attributable to non-controlling interest increased 12.8% YOY to AED 224 Mn in 2Q25.

Balance Sheet Highlights

Aldar Properties maintained a strong liquidity position with unrestricted cash of AED 12.2 Bn and AED 17.5 Bn of undrawn credit facilities as of 2Q25. The project management service segment backlog stood at AED 86.0 Bn in 2Q25, with AED 56.9 Bn under construction. Shareholders' equity increased from AED 34.9 Bn in 4Q24 to AED 37.0 Bn in 2Q25. The Company's total debt increased from AED 16.4 Bn in 4Q24 to AED 22.1 Bn in 2Q25. Additionally, the cash balance grew from AED 15.1 Bn in 4Q24 to AED 17.9 Bn in 2Q25.

Target Price and Rating

We maintain our BUY rating on Aldar Properties with a revised target price of AED 11.00. The Company reported robust revenue growth supported by high demand for new launches and strong sales from existing inventory. During 2Q25, Aldar Development launched three notable projects: Waldorf Astoria Residences on Yas Island, Fahid Beach Residences and The Beach House Fahid on Fahid Island, each of which caters to the high-end and waterfront residential market, aligning with the rising demand from both expatriate and international buyers. Expatriates and overseas investors accounted for a substantial 84% of total sales in the UAE during 1H25, with residential expats representing 56%, international buyers 28%, and UAE nationals 16%. This growing demand from global investors reaffirms Aldar's strategic positioning in premium real estate, especially in Abu Dhabi's high-growth zones like Saadiyat and Yas Islands. In July, Aldar completed a landmark AED 400 Mn sale of a luxury mansion on Saadiyat Island, the highest-value residential transaction ever recorded in Abu Dhabi, demonstrating surging demand for ultra-luxury homes among global HNIs. Aldar's operational execution has been backed by solid cash flow performance. Cash collections reached AED 7.9 Bn in 1H25, driven by the Company's disciplined approach to project delivery and strong buyer payment behaviour. This healthy inflow supports Aldar's funding capacity for its sizeable pipeline while reinforcing its balance sheet flexibility. In line with this, the Company issued AED 5.5 Bn in subordinated hybrid notes during 2025, optimizing its capital structure to support capex for D-Hold projects, ongoing developments, and future M&A opportunities. Aldar continues to advance its diversification strategy through international operations and sector expansion. In Egypt, its subsidiary SODIC generated AED 291 Mn in revenues during 1H25 and secured a major land parcel in New Sphinx City. This land bank is expected to deliver over EGP 353 Bn in future sales, offering growth potential in a key regional market. Meanwhile, in the UK, Aldar's acquisition of London Square contributed AED 710 Mn in revenue during 1H25, driven by three new project launches and two land acquisitions. The Company is also making significant strides in recurring income streams through its D-Hold portfolio and logistics expansion. The acquisition of a fully-leased 180K sqm industrial asset in ALMARKAZ during 2Q25 further deepens Aldar's footprint in Abu Dhabi's logistics sector, providing stable cash flow and aligning with the strategic goal of diversifying revenue sources. This is complemented by strong institutional demand for Aldar's premium assets, evidenced by the AED 586 Mn off-plan sale of Mamsha Gardens to Gaw Capital. Aldar's project management arm also delivered notable growth, with the total backlog reaching AED 86.0 Bn as of June 2025, of which AED 56.9 Bn is under active construction. This is primarily driven by continued progress on government-led infrastructure and housing developments, where Aldar serves as a key delivery partner. Additionally, the D-Hold pipeline remains solid at AED 14.3 Bn, reinforcing the company's commitment to developing and operating high-quality assets across commercial, retail, education, and logistics sectors. Aldar's 2Q25 performance highlights its ability to execute across multiple verticals, maintain a healthy balance sheet, and deliver value through both development-led growth and income-generating assets. The combination of

strong cash collections, increased institutional and international demand, geographic diversification, and a robust development backlog provides strong visibility into future earnings. With improved capital efficiency following the hybrid issuance and a well-structured pipeline across the UAE, UK, and Egypt, Aldar is well-positioned to sustain its growth trajectory. Thus, based on the above-mentioned factors, we assigned a BUY rating on the stock.

Aldar - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	38.70	32.29	25.85	19.58	13.61	10.77
PB	2.92	2.78	2.64	2.41	2.14	1.85
EV/EBITDA	31.40	26.78	21.37	16.09	10.88	7.84
EPS	0.246	0.295	0.368	0.486	0.699	0.883
BVPS	3.260	3.424	3.606	3.951	4.438	5.136
DPS	0.145	0.150	0.160	0.170	0.185	0.221
Dividend yield	1.5%	1.6%	1.7%	1.8%	2.0%	2.4%

FABS Estimates & Co Data

Aldar - P&L

AED Mn	2Q24	1Q25	2Q25	2Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	5,303	7,791	7,736	7,617	1.6%	45.9%	-0.7%	22,998	31,048	35.0%
Direct costs	-3,478	-5,010	-5,175	-4,926	5.1%	48.8%	3.3%	-	-20,216	35.2%
Gross profit	1,825	2,781	2,561	2,691	-4.8%	40.3%	-7.9%	8,045	10,832	34.6%
General expenses	-387	-467	-461	-457	0.9%	19.1%	-1.3%	-1,799	-1,956	8.7%
Selling & Marketing exp.	-32	-35	-38	-46	-16.2%	21.1%	8.6%	-129	-155	20.0%
EBITDA	2,037	2,475	2,829	2,550	11.0%	38.9%	14.3%	7,709	10,368	34.5%
EBIT	1,406	2,279	2,061	2,188	-5.8%	46.6%	-9.5%	6,117	8,720	42.6%
Share of assoc.	2	2	0	0	NM	NM	NM	-2	0	NM
Provision/(reversal)	-8	-10	3	-23	NM	NM	NM	-199	-217	9.1%
Finance income	171	185	202	177	14.3%	18.5%	9.6%	715	757	5.8%
Finance cost	-236	-313	-364	-327	11.3%	54.3%	16.3%	-943	-1,307	38.6%
Total other income	491	43	589	229	NM	20.0%	NM	1,171	1,242	6.0%
Profit before Income tax	1,826	2,185	2,491	2,244	11.0%	36.5%	14.0%	6,859	9,194	34.0%
Income tax	-75	-276	-296	-283	4.6%	NM	7.1%	-355	-1,127	NM
Profit after tax	1,751	1,909	2,196	1,961	11.9%	25.4%	15.0%	6,504	8,068	24.0%
Non-controlling interest	199	268	224	275	-18.3%	12.8%	-16.1%	908	1,126	24.0%
Net Profit	1,552	1,641	1,971	1,687	16.9%	27.0%	20.1%	5,596	6,942	24.0%

FABS estimate & Co Data

Aldar - Margins

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross margin	34.4%	35.7%	33.1%	-131	-259	35.0%	34.9%	-9
EBITDA margin	38.4%	31.8%	36.6%	-184	480	33.5%	33.4%	-13
Operating margin	26.5%	29.2%	26.6%	13	-260	26.6%	28.1%	149
Net profit margin	29.3%	21.1%	25.5%	-378	442	24.3%	22.4%	-197

FABS estimate & Co Data

Valuation:

We use Discounted Free Cash flow (DCF) and Relative Valuation (RV) to value Aldar. We have assigned 70% weight to DCF, and 30% to RV method.

Valuation Method	Target	Weight	Weighted Value
DCF Method	10.79	70.0%	7.56
Relative Valuation (RV)	11.48	30.0%	3.45
Weighted Average Valuation (AED)			11.00
Current market price (AED)			9.40
Upside/Downside (%)			+17.0%

1) DCF Method:

Aldar is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.3%. It is arrived after using the cost of equity of 9.3% and after-tax cost of debt of 4.9% with a debt-to-equity ratio of 28.4%. The cost of equity is calculated by using a 10-year government bond yield of 5.1%, beta of 1.00 and equity risk premium of 4.2%. Government bond yield is calculated after adding Abu Dhabi 10-year spread over a 10-year US risk-free rate. The cost of debt is calculated using the cost of 5.6% after adjusting a tax rate arriving at after-tax cost of debt of 4.9%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	16,927
Terminal value (AED, Mn)	84,340
FV to Common shareholders (AED, Mn)	101,268
No. of share (Mn)	7,863
Current Market Price (AED)	9.40
Fair Value per share (AED)	10.79

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	7,594	8,358	9,301	10,132	10,897
D&A	623	741	862	986	1,110
Change in working capital	2,535	-70	-724	-1,736	-579
(-) Capex	-6,113	-6,116	-5,684	-4,432	-3,990
Free Cash Flow to Firm (FCFF)	4,639	2,913	3,756	4,949	7,439
Discounting Factor	0.97	0.89	0.82	0.76	0.70
Discounted FCFF	2,242¹	2,601	3,095	3,765	5,224

Source: FAB Securities, ¹Adjusted for partial year

2) Relative Valuation:

We have used local peers to value Aldar and it is valued using the EV/EBITDA multiple. It is valued at EV/EBITDA multiple of 10.3x in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)		P/B (x)	
		2025F	2026F	2025F	2026F	2025F	2026F
Emaar Properties	37,177	6.1	5.2	9.2	8.1	1.5	1.4
Dar Al Arkan Real Estate	5,562	15.6	15.2	20.5	18.0	0.9	0.9
Arabian Centres	2,723	14.0	10.8	10.1	7.7	0.7	0.7
Deyaar Development	1,263	8.1	5.8	9.6	7.6	NA	NA
TECOM Group	4,628	10.3	9.8	12.4	11.7	2.3	2.2
Average		10.8x	9.4x	12.4x	10.6x	1.4x	1.3x
Median		10.3x	9.8x	10.1x	8.1x	1.2x	1.2x
Max		14.0x	10.8x	12.4x	11.7x	1.7x	1.6x
Min		8.1x	5.8x	9.6x	7.7x	0.9x	0.8x
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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