FAB أبوظبي الأول للأوراق المالية SECURITIES

Earnings Call Insight | 3Q25

UAE Equity Research | Sector: Real Estate | Market: ADX

Aldar Properties

Current Price	Target Price	Upside/Downside (%)	Rating
AED 9.45	AED 11.00	+16.4%	BUY

3Q25 Net Profit in line with our estimate

- Aldar revenue rose significantly, 43.8% YOY to AED 8.0 Bn in 3Q25, driven by the successful execution of revenue backlog from new and existing projects in developments and high occupancy and rising rental rates across the investment property portfolio.
- Direct costs grew 40.4% YOY to AED 5.3 Bn in 3Q25, in line with the revenue growth.
- Gross profit increased significantly, 50.8% YOY to AED 2.8 Bn in 3Q25, while gross margins increased 158 bps YOY to 34.3% in 3Q25.
- EBITDA rose significantly from AED 1.5 Bn in 3Q24 to AED 2.5 Bn in 3Q25, due to high occupancy levels, increasing rental rates and uplift from recent strategic acquisitions.
- Development EBITDA almost doubled from 0.9 Bn in 3Q24 to AED 1.7 Bn in 3Q25, while Investment adj. EBITDA grew 16.9% YOY to AED 788 Mn in 3Q25.
- Operating profit increased drastically from AED 1.4 Bn in 3Q24 to AED 2.2 Bn in 3Q25, with an expansion in margin of 341 bps YOY to 27.9% in 3Q25.
- Aldar's net profit grew 40.6% YOY to AED 1.5 Bn in 3Q25, mainly attributable to strong earnings growth across the core business platforms and higher finance income partially offset by rise in tax expenses.
- The Company's Development segment revenue backlog rose to an all-time high of AED 66.5 Bn in 3Q25, including AED 57.3 Bn in the UAE and AED 9.2 Bn from international segment, driving future revenue recognition.

Earnings Call Summary

- Development sales increased 18.8% YoY to AED 28.5 Bn in 9M25, supported by eight major project launches, including Fahid Beach Terrace in Abu Dhabi, Rise by Avalon in Dubai, and the fully sold-out Al Deem Townhomes.
- The D-Hold portfolio, valued at AED 17.6 Bn as of September 2025, is viewed as insufficient for long-term goals, with management planning organic and new investments to drive scale, diversification, and earnings growth over the next three years.
- Project management services backlog stood at AED 82.3 Bn as of September 2025, with AED 53.2 Bn under construction, reflecting strong government spending on infrastructure and housing managed for both the Government of Abu Dhabi and Aldar.
- International operations contributed significantly with SODIC contributing AED 419 Mn in 3Q25 and announcing a partnership with MIDAR to co-develop a mixed-use project within the Mada City development.
- London Square recorded sales of AED 159 Mn (GBP 33 Mn) in 3Q25, bringing 9M25 sales to AED 521 Mn (GBP 106 Mn). The revenue backlog increased to AED 1.9 Bn (GBP 393 Mn) as of September 2025, with an average duration of 33 months.
- Launched four new developments during 9M25 in London - Nine Elms 'Ascenta Collection', Wandsworth Common, Woolwich, and Fifty Brook Green.
- Investment properties reported strong rental performance with an overall occupancy rate of 97% (commercial: 99%, residential: 98%) as of September 2025, supporting stable recurring income.
- The Commercial platform continues to expand its Grade A supply through execution of the D-Hold pipeline, including the recently handed over Yas Place as well as the new Yas Business Park project, which has a GLA of 47.5K sqm across four prime office towers and is expected to complete in 2H27.

- The retail platform boosted after the reopening of Jimi Mall in September 2025 and the full leasing of retail properties in Noya. Future growth is expected from the Aldar-Mubadala joint venture, the consolidation of Yas Mall, and The Galleria Luxury Collection, scheduled to close in 4Q25.
- The Galleria M&A transaction is the nearest-term capital deployment, with AED 2.3 Bn invested YTD in 2025, in line with management's guidance with additional deals in the pipeline.
- Residential rental rates remain capped at 5% on renewals, while new lease rollovers are achieving over 10% rental growth, reflecting strong demand. Logistics rents across the portfolio have been stable, with limited price movement but healthy demand for space supporting occupancy.
- Logistics assets currently account for c. 5% of the investment portfolio, with a target to increase exposure to 20–25% over the medium term.
- International sales declined c. 46% YOY to AED 2.0 Bn during 9M25, primarily due to softer demand across overseas markets. SODIC is expected to recover in 4Q25, while UK operations could benefit from the Home Safety Act and new government measures to accelerate approvals.
- Management expects further convergence toward Dubai rental levels, driven by rising demand and limited prime supply.
- The Hospitality portfolio occupancy stood at 69% in 9M25, with RevPAR increasing 4% YOY to AED 435 and average daily rates (ADR) rising 8% YOY to AED 631 in 9M25.
- In 3Q25, the Company exercised the option to acquire Mubadala's 40% stake in Al Maryah Tower, which now has reached 97% occupancy and acquired an additional 17.5% stake in Aldar Estates.
- Aldar Investment Properties raised USD 290 Mn during 3Q25 through taps on its green sukuks maturing in 2034 and 2035, achieving a spread of 87 bps over US Treasury yields. Concurrently, London Square secured a GBP 150 Mn senior unsecured revolving credit facility.
- The Company is committed to delivering a 40% plus gross profit margin on UAE property and development and sales business.
- Working capital requirements are estimated at AED 100–150 Mn per AED 1 Bn of sales, reflecting disciplined capital management.
- Aldar reaffirmed its full-year 2025 guidance and indicated it is on track to reach the upper end of the target range.

Aldar Properties – P&L

AED Mn	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch
Revenue	5,582	7,736	8,026	7,728	3.9%	43.8%	3.8%
Direct costs	-3,756	-5,175	-5,274	-5,126	2.9%	40.4%	1.9%
Gross profit	**1,826**	**2,561**	**2,752**	**2,603**	**5.7%**	**50.8%**	**7.5%**
Operating expenses	-461	-499	-516	-526	-1.8%	12.0%	3.3%
EBITDA	**1,547**	**2,829**	**2,488**	**2,323**	**7.1%**	**60.8%**	**-12.0%**
EBIT	**1,365**	**2,061**	**2,236**	**2,077**	**7.7%**	**63.8%**	**8.5%**
Profit before tax	**1,317**	**2,491**	**2,148**	**2,006**	**7.1%**	**63.1%**	**-13.8%**
Tax	-64	-296	-287	-246	16.6%	NM	-3.1%
NCI	166	224	332	211	57.2%	NM	47.9%
Profit for the period	**1,088**	**1,971**	**1,529**	**1,549**	**-1.3%**	**40.6%**	**-22.4%**

FABS estimate & Co Data

Aldar Properties Guidance:

	FY 24 (Actual)	9M 25 (Actual)	FY 25 (1yr Guidance)
Aldar Properties			
EBITDA	AED 7.7bn	AED 7.8bn	**AED 10.4 to 10.8bn**
Deployment *(M&A)*	AED 2.3bn	AED 2.3bn[1]	AED 3 to 4bn
Capex *(D-Hold)*	AED 2.3bn	AED 1.7bn[2]	AED 3 to 4bn
Aldar Development (AD)			
Sales	AED 33bn	AED 28.5bn	**AED 36 to 39bn**
EBITDA	AED 4.3bn	AED 5.0bn	**AED 6.6 to 7.0bn**
o/w PMS	AED 0.65bn	AED 0.58bn	AED 0.8 to 0.9bn
Gross Profit Margin – PDS (UAE)	33%	35%	34-36%
Aldar Investment (AI)			
Adj. EBITDA	AED 2.7bn	AED 2.3bn	**AED 3.2 to 3.3bn**
Adj. EBITDA (organic)		AED 2.1bn	AED 2.8 to 2.9bn

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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