

Aldar Properties (ALDAR)

Current Price AED 7.65	Target Price AED 11.00	Upside/Downside (%) +43.8%	Rating BUY
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3Q26 Net Profit lower than our estimate

- ALDAR's revenue grew 16.4% YOY to AED 9,345 Mn in 3Q26, primarily driven by higher revenue from both Aldar Development and Aldar Investment segments.
- Direct costs increased 13.0% to AED 5,958 Mn in 3Q26.
- Gross profit grew 23.1% YOY to AED 3,387 Mn in 3Q26 with gross margin expanding from 34.3% in 3Q25 to 36.2% in 3Q26.
- EBITDA increased 21.5% YOY to AED 3,024 Mn in 3Q26, with EBITDA margin increasing 136 bps YOY to 32.4% in 3Q26.
- Development EBITDA increased 23% YOY to AED 2.1 Bn in 3Q26, while Investment Adjusted EBITDA grew 27% YOY to c. AED 1.0 Bn.
- Operating profit increased 24.2% YOY to AED 2,777 Mn in 3Q26, with operating margin expanding 185 bps to 29.7% in 3Q26.
- The Company's impairment provision decreased from AED 58 Mn in 3Q25 to AED 20 Mn in 3Q26.
- ALDAR's net profit attributable to equity shareholders increased 25.1% YOY to AED 1,913 Mn in 3Q26, driven by revenue growth, higher finance income and share of profit of associates, along with lower impairment provisions partially offset by higher direct costs, general expenses, selling and marketing expenses, finance costs, income tax expenses and profit attributable to non-controlling interests, coupled with a decline in total other income.
- ALDAR's development revenue grew 20.1% YOY to AED 6,990 Mn in 3Q26, primarily supported execution of backlog.
- Aldar Development's backlog stood at AED 71.6 Bn as of 3Q26, providing clear visibility on revenue recognition over the next two to three years, including sizeable UAE backlog of AED 59.3 Bn.
- Investment revenue increased 6.6% YOY to AED 2,354 Mn in 3Q26, supported by increase in investment properties, Education and Estate.
- ALDAR maintained a robust liquidity position as of September 2026, supported by AED 18.3 Bn of free and unrestricted cash and AED 19.9 Bn of committed undrawn credit facilities, resulting in total available liquidity of AED 38.2 Bn as of 9M26.

Earnings Call Summary

- The Company remains confident in achieving 2026 guidance and expects double-digit growth across Development and Investment businesses in 2027. Updated guidance is expected in February 2027.
- Development sales momentum improved in 3Q26, with over 73% of the 12 projects launched during 9M26 sold by September-end.
- ALDAR indicated that UAE development sales had exceeded AED 20 Bn YTD, supported by late September launches not included in reported 9M26 sales.
- Aldar plans a mid-market townhouse launch in Dubai during 4Q26, targeting prices below AED 1,500 per sq. ft. and unit prices below AED 3 Mn.
- Unsold inventory rose to over AED 16 Bn as of 9M26, with over 80% due for delivery in two to four years. The Company continues phased launches based on 50-60% sales absorption.
- ALDAR's 2026 handover expectations were reduced to 2,600 units from 3,700 due to contractor delays, while it introduced 50:50 payment plans with first-year collections reduced to 15% from 25%, without cutting prices.

- Strong demand for Grade A offices supported rental growth and 99% commercial occupancy as of 9M26, while the AED 918 Mn Masdar City Square acquisition added over 41,000 sq. m. of office space at 99% occupancy during the same period.
- The Company remains positive on logistics investments, supported by rising demand for warehousing and the UAE's focus on strengthening domestic manufacturing capacity.
- Hospitality remained affected by regional travel disruptions, although it expects a stronger 4Q26 supported by Abu Dhabi's events calendar.
- Aldar established a strategic partnership with Arada in September 2026, including a development JV in 3Q26 with an expected GDV of AED 11 Bn.
- The Company highlighted further expansion opportunities in Sharjah following its partnership with Arada in September 2026 and the AED 1.1 Bn forward purchase of a residential rental portfolio in Aljada in October 2026.
- Strong international sales primarily reflected project launch timing rather than changes in regional demand, with Egypt remaining launch-driven and London Square benefiting from platform expansion and institutional sales.
- Aldar expanded its develop-to-hold pipeline to AED 21.3 Bn in 9M26, with AED 6.6 Bn of new projects added during the same period.
- Investment Properties maintained resilient performance despite geopolitical disruptions, with portfolio occupancy at 96% as of 9M26, supported by strong leasing demand across commercial, residential, retail and industrial assets.
- ALDAR expects continued organic rental growth and remains focused on acquisitions across commercial and logistics properties.
- Aldar is exploring further expansion in Sharjah and other Northern Emirates, particularly in industrial and logistics developments.
- The Company reiterated 2026 guidance of AED 12.3-12.7 Bn in Group Adjusted EBITDA, AED 30-34 Bn in development sales, AED 8.9-9.3 Bn in Development EBITDA, and AED 3.7-3.9 Bn in Investment Adjusted EBITDA, while expecting double-digit growth across both businesses in 2027.
- UAE Property Development Services gross profit margin guidance remained at 37-39%, despite higher construction costs. The Company also maintained M&A deployment and D-Hold capex guidance at AED 3-4 Bn each. The M&A contribution to adjusted EBITDA, by Aldar Development is expected to contribute AED 0.9-1.0 Bn and Aldar Investment expected to contribute AED 0.14-0.18 Bn.

Aldar Properties – P&L

AED Mn	3Q25	2Q26	3Q26	3Q26F	Var	YOY Ch	QOQ Ch
Revenue	8,026	8,109	9,345	9,389	-0.5%	16.4%	15.2%
Direct costs	-5,274	-5,183	-5,958	-5,956	0.0%	13.0%	14.9%
Gross profit	2,752	2,925	3,387	3,433	-1.3%	23.1%	15.8%
Operating expenses	-490	-491	-571	-498	14.8%	16.6%	16.2%
EBITDA	2,488	3,327	3,024	3,216	-6.0%	21.5%	-9.1%
EBIT	2,236	2,414	2,777	2,907	-4.5%	24.2%	15.0%
Profit before tax	2,148	2,881	2,575	2,882	-10.6%	19.9%	-10.6%
Tax	-287	-312	-324	-327	-1.1%	12.9%	3.6%
NCI	332	403	338	354	-4.4%	1.9%	-16.0%
Profit for the period	1,529	2,166	1,913	2,201	-13.1%	25.1%	-11.7%

FABS estimate & Co Data

Management Guidance:

	FY 25	9M 26 (Actual)	FY 26 ¹ (1yr Guidance)
Aldar Properties			
Adj. EBITDA	AED 9.9bn	AED 8.7bn	AED 12.3 to 12.7bn
Deployment ^(M&A)	AED 3.3bn	AED 2.0bn ²	AED 3 to 4bn
Capex ^(D-Hold)	AED 2.1bn	AED 1.2bn ³	AED 3 to 4bn
Aldar Development (AD)			
Sales	AED 40.6bn	AED 18.9bn	AED 30 to 34bn
EBITDA	AED 7.2bn	AED 6.1bn	AED 8.9 to 9.3bn
o/w PMS	AED 0.9bn	AED 0.6bn	AED 0.9 to 1.0bn
Gross Profit Margin – PDS (UAE)	36%	38%	37-39%
Aldar Investment (AI)			
Adj. EBITDA	AED 3.2bn	AED 2.8bn	AED 3.7 to 3.9bn
o/w M&A contribution	AED 0.3bn	AED 0.05bn ⁴	AED 0.14 to 0.18bn ⁴

Note: ¹As per guidance revision in 1H26, ⁴Realted to 2026 M&A, 1Q26 (AED 0), 1H26 (AED 0.03 Bn).

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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