

Aldar Properties

Current Price	Target Price	Upside/Downside (%)	Rating
AED 8.40	AED 10.00	+19.0%	BUY

1Q25 Net Profit in line with our estimate

- Aldar revenue rose significantly, 38.7% YOY to AED 7.8 Bn in 1Q25, due to high-double digit growth recorded in Development and Investments.
- Direct cost grew almost in line with revenue from AED 3.6 Bn in 1Q24 to AED 5.0 Bn in 1Q25.
- Gross profit increased significantly 37.3% YOY to AED 2.8 Bn in 1Q25, while gross margins fell 37 bps YOY to 35.7% in 1Q25.
- EBITDA rose 36.4% YOY to AED 2.5 Bn in 1Q25, due to strong growth in EBITDA across the Development and Investments segment. Development EBITDA rose by 50% YOY to AED 1.8 Bn driven by a sizeable recognition of backlog coupled with strong sales from new launches, and sustained international demand whereas, Investment adjusted EBITDA grew by 10% YOY to AED 0.8 Bn driven by high occupancy and strong rental growth across the core investment portfolio, and strategic acquisitions underpinned solid portfolio performance. However, EBITDA margin fell 54 bps YOY to 31.8% in 1Q25.
- Operating profit expanded to AED 2.3 Bn in 1Q25, with an expansion in margin of 127 bps YOY to 29.2% in 1Q25.
- Aldar's net profit grew 24.6% YOY to AED 1.6 Bn in 1Q25, mainly attributable to a strong earnings growth across the cross-platform.
- The Company's Development segment revenue backlog stood at AED 55.7 Bn as of 1Q25 compared to AED 54.6 Bn in 4Q24, providing strong revenue visibility across the UAE and International Business.
- Aldar's liquidity remained strong at AED 29.5 Bn in 1Q25, including free cash flow of AED 10.2 Bn and an undrawn credit facility of 19.3 Bn at the end of 1Q25. Gross debt to total asset ratio stood at 21% in 1Q25 compared to 19% in 4Q24, while the net debt to EBITDA ratio increased to 1.1x in 1Q25 from 0.8x in 4Q24.
- Investments Properties recorded a strong overall occupancy rate of 96% across its commercial, retail, residential, and logistics portfolio.

Earnings Call Summary

- Adjusted EBITDA of Aldar investments grew 10% YOY to AED 764 Mn in 1Q25. Adjusted EBITDA rose 20% YOY in 1Q25, excluding the one-off gain from commercial disposals and divestment of residential strata units of AED 51 Mn in 1Q24.
- The Company maintains a D-Hold pipeline of AED 13.3 Bn in 1Q25, estimated to be completed from 2025 to 2028.
- Aldar Development launched two new projects, Manarat Living III in Saadiyat Island and The Wilds in Dubai, marking its third development with Dubai Holdings.
- Fahid Island is expected to be launched in the coming months with a total land bank of 3.4 Mn sqm including 6,000 residential units. Further, the Company acquired a new land plot and launched a new project, Nine Elms, at Ascenta Collection.
- In the UAE, demand from residential expats and overseas buyers grew due to the appealing lifestyle and investment destination. The residential expat accounted for 57%, the overseas buyer 30% and the UAE nationals 13% of the UAE sales in 1Q25.
- The growth in investment properties is expected from the D-Hold pipeline, which includes the Expo City joint venture and the reinvestment of Strata sales revenue into high-yielding income-generating assets.

- Redevelopment of Al-Jimi Mall is anticipated to be completed in 2H25, along with the launch of a retail platform including Yas Mall and the Galleria Luxury Collection to be completed in the same period.
- Aldar Education anticipates the launch of both Muna British Academy and Yasmina American School in the 2025-26 academic year.
- The average maturity of senior debt is extended to six years with no requirement of refinancing in the next three years.
- The Company issued green sukuk of USD 500 Mn, which is the third issuance as part of its USD 2 Bn trust certificate issuance program.
- Aldar guidance remains unchanged owing to the strong visibility on Development and recurring revenue stream.
- The Wilds project achieved sales of AED 5.5 Bn in a few days, with strong pricing momentum.
- Plans to launch AED 7-8 Bn of product across the Haven, Athlon and The Wilds.
- No immediate plan to acquire land in Dubai in 2025; any new land acquisition will happen only in 2026.
- Planned ongoing launches in Saadiyat, Yas, and upcoming Al-Fahid, indicating a packed launch season in 2025.
- Aldar plans to complete an acquisition of AED 500 Mn to AED 1 Bn expected to close in the next quarter. In addition, more deployment is expected in the next year.
- Expects to meet total EBITDA guidance without the full M&A deployment as the organic portfolio is growing ahead of expectations.
- In Abu Dhabi, the management sees strong growth in pricing and volume attributed to strong demand and unique product offerings.
- 20-25% of sales are expected to come from Dubai in 2025.
- During the construction period, buyers pay 60-70% of the payment and the remaining is paid at handover.
- 80% of the Company's sales come from new customers.
- Aldar expects significant catch-up in growth from the Project Management Services in the remaining quarter.
- The current tax rate in 1Q25 is broadly reflective, where the tax rate is expected to stabilize, though some uncertainty remains as regulations evolve.
- Project on Al Fahid Island is expected to be launched in 2H25.
- Rental revision is the main theme, which is expected to drive organic growth in the commercial and residential portfolio.
- Education is expected to be a high-growth asset owing to growth in enrollments and greenfield capacity expansion. It also expects margin accretion in the business.
- The Property Management business is expected to grow in double-digit.

Aldar Properties – P&L

AED mn	1Q24	4Q24	1Q25	1Q25F	Var.	YOY Ch	QOQ Ch
Revenue	5,616	6,498	7,791	6,966	11.8%	38.7%	19.9%
Direct costs	-3,590	-4,129	-5,010	-4,417	13.4%	39.6%	21.3%
Gross profit	2,026	2,369	2,781	2,549	9.1%	37.3%	17.4%
Operating expenses	-455	-594	-502	-564	-11.0%	10.5%	-15.5%
EBITDA	1,814	2,312	2,475	2,140	15.6%	36.4%	7.1%
EBIT	1,571	1,775	2,279	1,985	14.8%	45.1%	28.4%
Profit before tax	1,637	2,079	2,185	1,949	12.1%	33.4%	5.1%
Tax	-66	-150	-276	-88	NM	NM	84.2%
Profit for the period	1,317	1,640	1,641	1,601	2.5%	24.6%	0.1%

FABS estimate & Co Data

2025 GUIDANCE

On track to deliver on FY 2025 guidance; no change to guidance



	FY 24 (Actual)	Q1 25 (Actual)	FY 25 (1yr Guidance)
Aldar Properties			
EBITDA	AED 7.7bn	AED 2.5bn	AED 10.4 to 10.8bn
Deployment (M&A)	AED 2.3bn	AED 0.03bn ¹	AED 3 to 4bn
Capex (D-Hold)	AED 2.3bn	AED 0.7bn	AED 3 to 4bn
Aldar Development (AD)			
Sales	AED 33bn	AED 8.9bn	AED 36 to 39bn
EBITDA	AED 4.3bn	AED 1.8bn	AED 6.6 to 7.0bn
o/w PMS	AED 0.65bn	AED 0.15bn	AED 0.8 to 0.9bn
Gross Profit Margin – PDS (UAE)	33%	35%	34-36%
Aldar Investment (AI)			
Adj. EBITDA	AED 2.7bn	AED 0.8bn	AED 3.2 to 3.3bn
Adj. EBITDA (organic)		AED 0.7bn	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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