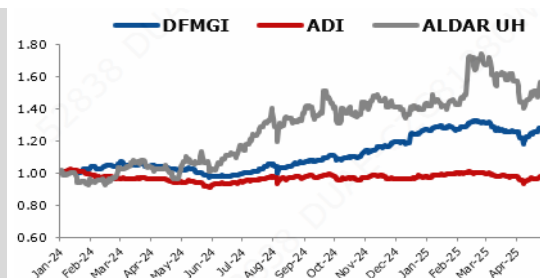


## Aldar Properties

Healthy recognition of revenue backlogs and record development sales boosted top line

Current Price	Target Price	Upside/Downside (%)	Rating
AED 8.16	AED 10.0	+23%	BUY

- Aldar Development launched two new projects, Manarat Living III in Saadiyat Island and The Wilds in Dubai, marking its third development with Dubai Holdings.
- The Group revenue backlog stood at AED 55.7 Bn in 1Q25 with AED 46.7 Bn from UAE.
- Aldar's liquidity remained strong at AED 29.5 Bn in 1Q25, including free cash of AED 10.2 Bn and an undrawn credit facility of AED 19.3 Bn.
- The Company maintained its 2025 guidance with AED 10.4 – 10.8 Bn EBITDA.
- Aldar maintains a develop-to-hold pipeline of AED 13.3 Bn in 1Q25, estimated to be completed between 2025 to 2028.



### 1Q25 Net Profit in line with our estimate

Aldar Properties PJSC (Aldar/the Company) net profit increased 24.6% YOY to AED 1,641 Mn in 1Q25, in line with our estimate of AED 1,601 Mn. The increase in the net profit is primarily driven by significant growth in revenue and rise in finance income, partially offset by a substantial increase in direct cost, higher operating expenses, increase in net finance cost coupled with significant increase in taxes and profits attributable to NCI holders.

### P&L Highlights

Aldar's revenue saw a significant increase of 38.7% YOY in 1Q25, reaching AED 7,791 Mn. This growth was driven by strong double-digit performance in both the Development and Investment segments, supported by rising demand from residential expatriates and overseas buyers attracted by the UAE's appealing lifestyle and reputation as a prime investment destination. Residential expatriates accounted for 57% of UAE sales, overseas buyers made up 30%, and UAE nationals comprised the remaining 13% in 1Q25. Additionally, the Company's 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 development revenue grew 46.2% YOY to AED 5.7 Bn and Investment revenue increased 14.8% YOY to AED 1,871 Mn in 1Q25. The Company's direct costs grew almost in line with revenue from AED 3.6 Bn in 1Q24 to AED 5.0 Bn in 1Q25. Hence, 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. General expenses of Aldar rose 8.3% YOY to AED 467 Mn in 1Q25. Selling and marketing expenses surged 49.8% YOY to AED 35 Mn in 1Q25. Company's 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, whereas Investment adjusted EBITDA grew by 10% YOY to

### Stock Information

Market Cap (AED, Mn)	64,159.06
Paid Up Capital (Mn)	7,862.63
52 Week High	9.48
52 Week Low	5.37
3M Avg. daily value (AED)	99,396,810

### 1Q25 Result Review (AED, Mn)

Total Assets	92,279
Total Liabilities	49,984
Total Equity	35,006
EBITDA	2,475
Net Profit	1,641

### Financial Ratios

Dividend Yield (12m)	2.27
Dividend Pay-out (%)	26.48
Price-Earnings Ratio(x)	11.03
Price-to-Book Ratio (x)	1.74
Book Value (AED)	4.68
Return-on Equity (%)	16.77

### Stock Performance

5 Days	-2.51%
1 Months	-3.09%
3 Months	6.67%
6 Months	6.39%
1 Year	46.50%
Month to Date (MTD%)	-1.21%
Quarter to Date (QTD%)	-3.09%
Year to Date (YTD%)	6.25%

AED 0.8 Bn in 1Q25. However, EBITDA margin fell 54 bps YOY to 31.8% in 1Q25 as Investment portfolio expanded. Strategic acquisitions, increasing rental rates and near-full occupancy levels- alongside strong growth from Aldar Estates and Aldar Education driving income stability and revenue growth. Operating profit expanded 45.1% YOY to AED 2.3 Bn in 1Q25, with an expansion in margin of 127 bps YOY to 29.2% in 1Q25. The Company's finance income marginally grew 2.9% YOY to AED 185 Mn in 1Q25, and finance cost surged 49.5% YOY to AED 313 Mn in 1Q25. Other Income also declined from AED 106 Mn in 1Q24 to AED 43 Mn in 1Q25. Aldar's income tax surged significantly from AED 66 Mn in 1Q24 to AED 276 Mn in 1Q25 due to the introduction of 15% statutory rate. Furthermore, profit attributable to non-controlling interest increased 5.3% YOY to AED 268 Mn in 1Q25.

### Balance Sheet Highlights

Aldar Properties maintained a strong liquidity position with free cash of AED 10.2 Bn and AED 19.3 Bn of undrawn credit facilities as of 1Q25. The project management service segment backlog stood at AED 88.7 Bn in 1Q25, with AED 49.5 Bn under construction. Shareholder's equity increased from AED 34.9 Bn in 4Q24 to 35.0 Bn in 1Q25. The Company's total debt increased from AED 16.4 Bn in 4Q24, to AED 19.4 Bn in 1Q25. Additionally, the cash balance grew from AED 15.1 Bn in 4Q24 to AED 15.4 Bn in 1Q25.

### Target Price and Rating

We maintain our BUY rating on Aldar stock with a target price of AED 10.0. Aldar demonstrated strong profitability growth, mainly due to robust revenue expansion driven by strong demand for new developments and existing inventory and an increase in EBITDA during 1Q25. Aldar Development launched two new projects, Manarat Living III in Saadiyat Island and The Wilds in Dubai during 1Q25, marking its third development under joint venture with Dubai Holdings to increase Aldar Development's revenue. Additionally, international buyers and expats have increased their purchasing activity in the UAE, with their share of total sales representing 87% in 1Q25 in which residential expat accounted for 57%, the overseas buyer 30% and the UAE nationals 13% of the UAE sales in 1Q25. The Company's development backlog has increased to AED 55.7 Bn, including AED 46.7 Bn in the UAE with its impact expected to be reflected in revenue over the next two to three years. Additionally, Fahid Island is expected to be launched in coming months with a total land bank of 3.4 Mn sqm including 6,000 residential units. Aldar acquired a new land plot and launched a new project, Nine Elms, at Ascenta Collection. Project on Al Fahid Island is expected to be launched in 2H25. In the same period, Aldar Education plans to open both Muna British Academy and Yasmina American School for the 2025-26 academic year. Additionally, the redevelopment of Al Jimi Mall is anticipated to be completed in 2H 2025, alongside the launch of a new retail platform that will include Yas Mall and the Galleria Luxury Collection. In case of international, SODIC's revenue backlog reached AED 6.3 Bn in 1Q25, with an average duration of 33 months, driven by the successful launch of Ogami in 2H24 and strong demand from cross-selling into the UAE market. On the other hand, London Square's revenue backlog increased to AED 2.6 Bn in 1Q25, with an average duration of 29 months, offering strong revenue visibility over the next two to three years. Investment properties experienced a two-digit growth 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. The investment properties portfolio experienced a strong occupancy level of 96%, which is driving rental prices higher. The Company maintains a develop-to-hold pipeline of AED 13.3 Bn in 1Q25, estimated to be completed from 2025 to 2028. Investment properties also experienced a high occupancy level of 96%, resulting into high rental prices. Additionally, strategic acquisitions over the past two years increased the platform's assets under management to AED 46 Bn. London Square secured 14 sites and commenced five developments. The Residential portfolio saw strong renewals and 5% increase in rental rates, with occupancy at 98% in 1Q25. Aldar guidance remains unchanged owing to the strong visibility on Development and recurring revenue stream. The Hospitality portfolio, occupancy at 71%. The board distributed cash dividend of 18.50 fils per share, totaling AED 1.45 Bn for 2024. Thus, based on the above-mentioned factors, we assigned BUY rating on the stock.

**Aldar - Relative valuation**

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	34.18	28.52	22.83	17.29	12.02	9.48
PB	2.58	2.45	2.33	2.13	1.89	1.63
EV/EBITDA	27.86	23.66	19.00	14.38	9.75	8.08
DPS	0.15	0.15	0.16	0.17	0.185	0.20
Dividend yield	1.7%	1.8%	1.9%	2.0%	2.3%	2.4%

FABS Estimates & Co Data

**Aldar - P&L**

AED Mn	1Q24	4Q24	1Q25	1Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	5,616	6,498	7,791	6,966	11.8%	38.7%	19.9%	22,998	30,695	33.5%
Direct costs	-3,590	-4,129	-5,010	-4,417	13.4%	39.6%	21.3%	-	-19,829	32.6%
<b>Gross profit</b>	<b>2,026</b>	<b>2,369</b>	<b>2,781</b>	<b>2,549</b>	<b>9.1%</b>	<b>37.3%</b>	<b>17.4%</b>	<b>8,045</b>	<b>10,866</b>	<b>35.1%</b>
General expenses	-431	-549	-467	-522	-10.6%	8.3%	-15.0%	-1,799	-2,271	26.3%
Selling & Marketing exp.	-24	-45	-35	-42	-15.6%	49.8%	-21.2%	-129	-215	66.0%
<b>EBITDA</b>	<b>1,814</b>	<b>2,312</b>	<b>2,475</b>	<b>2,140</b>	<b>15.6%</b>	<b>36.4%</b>	<b>7.1%</b>	<b>7,709</b>	<b>9,002</b>	<b>16.8%</b>
<b>EBIT</b>	<b>1,571</b>	<b>1,775</b>	<b>2,279</b>	<b>1,985</b>	<b>14.8%</b>	<b>45.1%</b>	<b>28.4%</b>	<b>6,117</b>	<b>8,379</b>	<b>37.0%</b>
Share of assoc.	-1	-1	2	0	NM	NM	NM	-2	0	NM
Provision/(reversal)	-9	-173	-10	-49	-79.1%	15.0%	-94.1%	-199	-338	69.5%
Finance income	179	190	185	153	20.3%	2.9%	-2.8%	715	614	-14.2%
Finance cost	-209	-246	-313	-259	20.8%	49.5%	27.4%	-943	-1,035	9.7%
Total other income	106	533	43	118	-64.0%	-59.6%	-92.0%	1,171	921	-21.4%
<b>Profit before Income tax</b>	<b>1,637</b>	<b>2,079</b>	<b>2,185</b>	<b>1,949</b>	<b>12.1%</b>	<b>33.4%</b>	<b>5.1%</b>	<b>6,859</b>	<b>8,541</b>	<b>24.5%</b>
Income tax	-66	-150	-276	-88	NM	NM	84.2%	-355	-1,079	203.9%
<b>Profit after tax</b>	<b>1,571</b>	<b>1,929</b>	<b>1,909</b>	<b>1,861</b>	<b>2.5%</b>	<b>21.5%</b>	<b>-1.1%</b>	<b>6,504</b>	<b>7,462</b>	<b>14.7%</b>
Non-controlling interest	254	289	268	261	2.7%	5.3%	-7.4%	908	1,041	14.7%
<b>Net Profit</b>	<b>1,317</b>	<b>1,640</b>	<b>1,641</b>	<b>1,601</b>	<b>2.5%</b>	<b>24.6%</b>	<b>0.1%</b>	<b>5,596</b>	<b>6,421</b>	<b>14.7%</b>

FABS estimate & Co Data

**Aldar - Margins**

	1Q24	4Q24	1Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross margin	36.1%	36.5%	35.7%	-37	-77	35.0%	35.4%	42
EBITDA margin	32.3%	35.6%	31.8%	-54	-381	33.5%	29.3%	-419
Operating margin	28.0%	27.3%	29.2%	127	193	26.6%	27.3%	70
Net profit margin	23.4%	25.2%	21.1%	-238	-418	24.3%	20.9%	-342

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	10.21	70.0%	7.15
Relative Valuation (RV)	9.51	30.0%	2.85
<b>Weighted Average Valuation (AED)</b>			<b>10.0</b>
Current market price (AED)			8.16
Upside/Downside (%)			+23%

### 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 8.2%. 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 32.2%. 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)	16,466
Terminal value (AED, Mn)	79,338
<b>FV to Common shareholders (AED, Mn)</b>	<b>95,804</b>
No. of share (Mn)	7,863
Current Market Price (AED)	8.16
<b>Fair Value per share (AED)</b>	<b>10.21</b>

### DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	7,300	8,066	8,990	9,652	10,382
D&A	622	739	859	981	1,104
Change in working capital	2,307	83	-698	-1,709	-569
(-) Capex	-6,080	-6,080	-5,648	-4,392	-3,950
<b>Free Cash Flow to Firm (FCFF)</b>	<b>4,150</b>	<b>2,808</b>	<b>3,503</b>	<b>4,532</b>	<b>6,966</b>
Discounting Factor	0.95	0.88	0.81	0.75	0.69
<b>Discounted FCFF</b>	<b>2,952<sup>1</sup></b>	<b>2,461</b>	<b>2,838</b>	<b>3,394</b>	<b>4,821</b>

Source: FAB Securities, <sup>1</sup>Adjusted 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 10.0x 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	31,522	5.8	5.2	8.1	7.7	1.3	1.1
Dar Al Arkan Real Estate	6,507	19.0	17.0	19.0	15.8	1.0	1.0
Arabian Centres	2,532	12.7	10.0	8.9	7.0	0.6	0.6
Deyaar Development	1,097	6.4	5.5	7.7	6.6	NA	NA
TECOM Group	4,247	10.0	9.6	12.0	11.1	2.2	2.0
<b>Average</b>		<b>10.8x</b>	<b>9.5x</b>	<b>11.2x</b>	<b>9.6x</b>	<b>1.3x</b>	<b>1.2x</b>
<b>Median</b>		<b>10.0x</b>	<b>9.6x</b>	<b>8.9x</b>	<b>7.7x</b>	<b>1.1x</b>	<b>1.1x</b>
<b>Max</b>		<b>12.7x</b>	<b>10.0x</b>	<b>12.0x</b>	<b>11.1x</b>	<b>1.5x</b>	<b>1.4x</b>
<b>Min</b>		<b>6.4x</b>	<b>5.5x</b>	<b>8.1x</b>	<b>7.0x</b>	<b>0.9x</b>	<b>0.9x</b>

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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