FAB SECURITIES أبوظبي الأول للأوراق المالية

Earnings Call Insight | 3Q25

UAE Equity Research   Sector: Real Estate   Market: DFM

Tecom Group PJSC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.27	AED 3.90	+19%	BUY

3Q25 Net Profit in line with our estimate

- Tecom's revenue grew 18.5% YOY to AED 724 Mn in 3Q25 driven by increased occupancy across all business segments, higher rental rates and portfolio expansion, while direct cost increased 12.6% YOY to AED 261 Mn.
- Gross profit rose 22.2% YOY to AED 463 Mn in 3Q25 with a 192 bps YOY increase in gross profit margin to 63.9% despite higher direct costs.
- G&A expenses reduced 12.7% YOY to AED 49 Mn, whereas marketing & selling expenses increased 2.1% YOY to AED 9 Mn in 3Q25.
- Tecom's EBITDA rose 12.7% YOY to AED 563 Mn in 3Q25, with the EBITDA margin decreasing significantly from 81.8% in 3Q24 to 77.7% in 3Q25.
- Operating profit grew 12.5% YOY to AED 440 Mn in 3Q25 due to higher gross profit and lower operating expenses. Operating profit margin declined from 63.9% in 3Q24 to 60.7% in 3Q25.
- Tecom's net profit increased 9.9% YOY to AED 373 Mn in 3Q25, underpinned by healthy revenue growth and continued increases in lease rates and lower G&A and Income tax expenses.
- Tecom reached a high occupancy level of 96% across Commercial and Industrial leasing as on 30 September 2025, while Land Leasing occupancy improved to 98% as on 30 September 2025.

Earnings Call Summary

- Portfolio-wide occupancy rose to 97% in 3Q25, up from 92% in the prior year, showcasing strong tenant demand and limited vacancy in both commercial office spaces and industrial properties.
- Tecom experienced high rental rates due to strong occupancy levels. Additionally, the robust demand for quality stock, combined with lower supply, positively impacted the company's top line.
- Funds from operations (FFO) increased 16% YOY to AED 1,467 Mn in 9M25, supported by improved collections, high-quality revenues, and efficient cost management, enabling strong and predictable cash flow generation.
- The board of directors has reviewed the cash dividend for 2H25, which is expected to be increased by 10% to AED 440 Mn, subject to AGM approval.
- Tecom has 11.9 Mn sqft of GLA within the industrial leasing segment, 10.9 Mn sqft GLA within the Commercial Leasing segment and 186 Mn sqft of GLA within the land lease segment, alongside a range of support services.
- The Company has signed an AED 1.6 Bn acquisition of 33 Mn sqft industrial land, which will include 138 plots in Dubai Industrial City, increasing the total land portfolio to 209 Mn sqft. This acquisition will take place in 4 phases, with phase 1 recently completed, adding 9 Mn sqft in the Company's portfolio.
- Growth capex for 9M25 stood at AED 509 Mn, including land acquisitions and ongoing projects to extend the Company's commercial offerings, including Dubai Industrial City phase two and Innovation Hub Phase three, as well as the recently completed Innovation Hub Phase Two and warehouses in Dubai Science Park.
- TECOM's 2026 investment pipeline of AED 4.3 Bn remains intact, with focus on Dubai business districts and industrial clusters.
- The commercial segment recorded a 19% YOY increase in revenue during 9M25, supported by increase in average rental rates in central business districts and improved occupancy rates, which climbed to 95%.
- The industrial segment saw revenue growth of 25% YOY during 9M25, supported by a 98% occupancy rate in warehouses and labour accommodation, along with a 13-16% uplift in rental rates.

- Services and other segments also reported 36% YOY increase in revenue during 9M25, supported by increasing visa transactions and growth in parking revenues pursuant to the implementation of the parking management system.
- TECOM reaffirmed 2025 guidance of 15–17% revenue growth and 18–20% EBITDA growth, supported by a strong lease renewal pipeline, rising rental rates, high retention, and strategic investment in Dubai's thriving business ecosystem.
- The current occupancy for CBD assets stood at 95% and for non-CBD at 93% in commercial segment.
- Overall retention rate improved to 93% in 2025.

TECOM – P&L

AED Mn	3Q24	2Q25	3Q25	3Q25F	Var	YOY Ch	QOQ Ch
Revenue	611	709	724	703	3.0%	18.5%	2.1%
Direct costs	-232	-235	-261	-214	22.0%	12.6%	11.0%
Gross profit	**379**	**474**	**463**	**489**	**-5.3%**	**22.2%**	**-2.4%**
Operating expenses	12	-28	-23	-39	-39.9%	NM	-17.5%
Operating profit	**391**	**446**	**440**	**450**	**-2.3%**	**12.5%**	**-1.4%**
EBITDA	**500**	**568**	**563**	**562**	**0.1%**	**12.7%**	**-0.9%**
Profit before zakat	**353**	**389**	**384**	**400**	**-3.9%**	**8.9%**	**-1.1%**
Income Tax	-13	-12	-11	-15	-27.7%	-17.2%	-8.5%
Profit to shareholders	**340**	**377**	**373**	**385**	**-2.9%**	**9.9%**	**-0.9%**

FABS estimate & Co Data

Tecom Group Guidance:

FAB SECURITIES أبوظبي الأول للأوراق المالية

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 +971-2-6161777	Online Trading Link
Institutional Desk	+971-4-4245765	

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorised by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.