

Aldar Properties

Current Price AED 9.52	Target Price AED 11.00	Upside/Downside (%) +15.5%	Rating BUY
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2Q25 Net Profit higher than our estimate

- Aldar revenue rose significantly, 45.9% YOY to AED 7.7 Bn in 2Q25, due to high-double digit growth recorded in Development and Investments.
- Direct costs grew almost in line with revenue from AED 3.5 Bn in 2Q24 to AED 5.2 Bn in 2Q25.
- Gross profit increased significantly, 40.3% YOY to AED 2.6 Bn in 2Q25, while gross margins declined 131 bps YOY to 33.1% in 2Q25.
- EBITDA rose 38.9% YOY to AED 2.8 Bn in 2Q25, due to strong growth in EBITDA across the Development and Investments segment.
- Development EBITDA rose by 44% YOY to AED 1.5 Bn, while Investment adjusted EBITDA grew by 26% YOY to AED 0.8 Bn.
- Operating profit increased from AED 1.4 Bn in 2Q24 to AED 2.1 Bn in 2Q25, with an expansion in margin of 13 bps YOY to 26.6% in 2Q25.
- Aldar's net profit grew 27.0% YOY to AED 2.0 Bn in 2Q25, mainly attributable to strong earnings growth across the cross-platform.
- The Company's Development segment revenue backlog stood at AED 62.3 Bn as of 2Q25 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 29.7 Bn in 2Q25, including free cash of AED 12.2 Bn and an undrawn credit facility of AED 17.5 Bn at the end of 2Q25. Gross debt to total asset ratio stood at 22.4% in 2Q25 compared to 21% in 1Q25, while the net debt to EBITDA ratio remained stable at 1.1x in 2Q25 compared to 1Q25.
- Investments Properties recorded a strong overall occupancy rate of 97% (as of June 2025) across its commercial, retail, residential, and logistics portfolio.

Earnings Call Summary

- Development sales rose to AED 18.3 Bn in 1H25, up 31% YOY, and surged 22% YOY to AED 9.4 Bn in 2Q25, underpinned by five new project launches and continued strong demand for existing inventory, particularly in Abu Dhabi and Dubai.
- Aldar's revenue backlog reached a record AED 62.3 Bn (as of 2Q25), providing multi-year earnings visibility, with the UAE accounting for AED 53.4 Bn of this figure and a typical recognition horizon of 30 months.
- Project management backlog stood at AED 86 Bn as of June 2025, with AED 56.9 Bn under construction, driven by robust government infrastructure and housing pipeline execution through Aldar Projects.
- The investment platform delivered AED 3.8 Bn in revenue and AED 1.6 Bn in adjusted EBITDA in 1H25, reflecting an 18% YOY EBITDA increase and strong occupancy coupled with rental rate growth.
- The group continues to experience positive rental trends across investment assets, with 97% overall occupancy, including 99% in commercial and 98% in residential portfolios, fueling recurring income stability.
- Major logistics acquisition in ALMARKAZ added 180K sqm of fully leased industrial space, supporting Aldar's strategy to diversify income streams and deepen its logistics footprint within Abu Dhabi.
- Executed the off-plan sale of Mamsha Gardens to Gaw Capital for AED 586 Mn, highlighting strong institutional investor confidence in its premium residential assets and UAE real estate.
- Aldar issued AED 5.5 Bn in subordinated hybrid notes in 2025, further optimizing its capital structure and supporting funding for its capex, D-hold projects, and future M&A opportunities.

- International operations contributed meaningfully, with SODIC in Egypt generating AED 291 Mn in revenue during 1H25 and securing a major land deal in New Sphinx City expected to deliver over EGP 353 Bn in future sales.
- London Square in the UK added AED 710 Mn in revenue during 1H25, bolstered by three new launches and two land acquisitions that signal confidence in the UK's residential market despite macro challenges.
- In July, Aldar completed the landmark sale of an AED 400 Mn mansion on Saadiyat Island, marking the highest-value residential transaction ever recorded in Abu Dhabi and underscoring the growing demand for ultra-luxury real estate in the capital city.
- Cash collections stood at AED 7.9 Bn in 1H25, driven by disciplined project execution and robust buyer payments, supporting strong liquidity and funding capacity for continued pipeline delivery.
- The effective tax rate rose to 12.2% in 1H25 versus 4.1% in 1H24, due to the introduction of the UAE's 15% corporate tax, though Aldar's use of deductions and structuring kept it below the headline rate.
- Margins in the project management services (PMS) segment declined in 1H25, but management expects full-year recovery toward guidance of AED 800-900 Mn in EBITDA from PMS, suggesting stronger 2H25 margin expansion.
- Aldar's D-Hold pipeline stands at AED 14.3 Bn, reaffirming the Company's strong commitment to developing recurring income assets across commercial, retail, education, and logistics segments.
- Occupancy in Aldar's hospitality segment was 70% with an ADR of AED 659 and RevPAR of AED 464, reflecting stable demand recovery and improving fundamentals in the segment.
- In 2Q25, Aldar launched three major projects in Abu Dhabi: Fahid Beach Residences, The Beach House Fahid, and Waldorf Astoria Residences, adding to a total of five UAE launches in 1H25.
- The successful launch of premium developments in 2Q25 contributed to strong UAE sales, which totaled AED 17.5 Bn during 1H25, representing a 35% YOY growth.
- Sales in Dubai reached AED 6.6 Bn in 1H25, accounting for 38% of UAE sales, highlighting Dubai's growing share in Aldar's development revenue mix compared to 30% in 2024.
- Aldar's average senior debt maturity now stands at 5.5 years, reflecting a well-structured capital base with no material refinancing requirements in the near term, supporting its disciplined approach to long-term capital deployment and strategic growth priorities.
- 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	2Q24	1Q25	2Q25	2Q25F	Var.	YOY Ch	QOQ Ch
Revenue	5,303	7,791	7,736	7,617	1.6%	45.9%	-0.7%
Direct costs	-3,478	-5,010	-5,175	-4,926	5.1%	48.8%	3.3%
Gross profit	1,825	2,781	2,561	2,691	-4.8%	40.3%	-7.9%
Operating expenses	-419	-502	-499	-503	-0.7%	19.3%	-0.6%
EBITDA	2,037	2,475	2,829	2,550	11.0%	38.9%	14.3%
EBIT	1,406	2,279	2,061	2,188	-5.8%	46.6%	-9.5%
Profit before tax	1,826	2,185	2,491	2,244	11.0%	36.5%	14.0%
Tax	-75	-276	-296	-283	4.6%	NM	7.1%
NCI	-199	-268	-224	-275	-18.3%	12.8%	-16.1%
Profit for the period	1,552	1,641	1,971	1,687	16.9%	27.0%	20.1%

FABS estimate & Co Data

Guidance

	FY 24 (Actual)	H1 25 (Actual)	FY 25 (1yr Guidance)
Aldar Properties			
EBITDA	AED 7.7bn	AED 5.3bn	AED 10.4 to 10.8bn
Deployment (M&A)	AED 2.3bn	AED 1.0bn ¹	AED 3 to 4bn
Capex (D-Hold)	AED 2.3bn	AED 0.9bn	AED 3 to 4bn
Aldar Development (AD)			
Sales	AED 33bn	AED 18.3bn	AED 36 to 39bn
EBITDA	AED 4.3bn	AED 3.3bn	AED 6.6 to 7.0bn
o/w PMS	AED 0.65bn	AED 0.28bn	AED 0.8 to 0.9bn
Gross Profit Margin – PDS (UAE)	33%	34%	34–36%
Aldar Investment (AI)			
Adj. EBITDA	AED 2.7bn	AED 1.6bn	AED 3.2 to 3.3bn
Adj. EBITDA (organic)		AED 1.4bn	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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