

Al Waha Capital PJSC

Accounting of fee income and derecognition of subsidiaries supported income growth

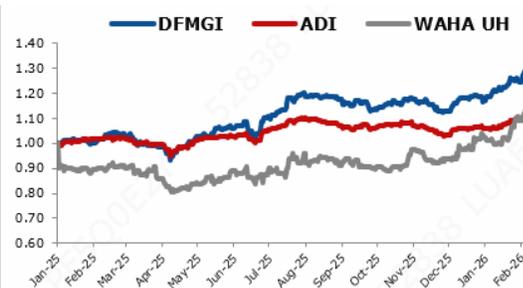
Current Price
AED 2.15

Target Price
AED 2.20

Upside/Downside (%)
+2.3%

Rating
HOLD

- Effective 1 October 2025, Waha Capital updated its financial reporting framework to better align with its investment-led structure, presenting investments at fair value instead of consolidating them line by line.
- Total Assets under Management (AUM) stood at c. AED 10.8 Bn in 4Q25, including third party AUM of AED 7.1 Bn, driven by ongoing inflows from regional and global institutional investors.
- Stage 3 of ALMARKAZ, launched in 4Q25, will add c. 225K SQM of leasable space, with expected revenue generation starting from 4Q26.
- Borrowings declined to AED 543 Mn in 2025 from AED 5.4 Bn in 2024.
- Company proposed a cash dividend of 10 fils per share for 2025.



4Q25 Net Profit higher than our estimate

Al Waha Capital PJSC (the Group/Waha) net profit rose substantially from AED 99 Mn in 4Q24 to AED 669 Mn in 4Q25, higher than our estimate of AED 152 Mn. The rise in net profit was driven by higher operating income, coupled with lower finance costs, one-time gain from deconsolidation of subsidiaries owing to a change in status to investment entity and nil share of profit attributable to NCI, partially offset by a higher operating expenditure. Net profit adjusted for one-time gain rose from AED 99 Mn in 4Q24 to AED 410 Mn in 4Q25.

P&L Highlights

Waha's total income increased substantially from AED 323 Mn in 4Q24 to AED 813 Mn in 4Q25. Effective 1 October 2025, the Company adopted investment entity accounting, deconsolidating operating subsidiaries and removing the line-by-line consolidation of public market funds. Investments in subsidiaries were added at fair value, while non-controlling interests were derecognized. As a result, Waha's did not reported revenue from sales of goods and services in 4Q25. However, the Company reported AED 115 Mn of fees income in 4Q25, and AED 451 Mn of income from financial investments in 4Q25 compared to AED 152 Mn in 4Q24. Finance income also declined from AED 15 Mn in 4Q24 to AED 5 Mn in 4Q25. The Company recorded other expenses of AED 8 Mn in 4Q25 compared to other income of AED 15 Mn in 4Q24. Waha reported AED 259 Mn from gain on deconsolidation of subsidiary in 4Q25 compared to nil in 4Q24. Gain on disposal of JVs also declined from AED 68 Mn in 4Q24 to nil in 4Q25. Expenditure stood at AED 132 Mn in 4Q25 compared to AED 108 Mn in 4Q24. Finance costs also declined from AED 57 Mn in 4Q24 to AED 11 Mn in 4Q25, due to reduction in borrowings. Waha recorded a tax expense of AED 0.2 Mn in 4Q24 compared to a tax benefit of AED 3 Mn in 4Q24. The share of profit attributable to non-controlling interest stood at nil in 4Q25 compared to AED 61 Mn in 4Q24, due to

Stock Information

Market Cap (AED, Mn)	4,143.73
Paid Up Capital (Mn)	1,883.51
52 Week High	2.23
52 Week Low	1.34
3M Avg. daily value (AED)	5,660,126

4Q25 Result Review (AED, Mn)

Total Assets	5,596
Total Liabilities	796
Total Equity	4,800
Total Income	813
Net Profit	669

Financial Ratios

Dividend Yield (12m)	4.63
Dividend Pay-out (%)	18.52
Price-Earnings Ratio(x)	4.06
Price-to-Book Ratio (x)	0.86
Book Value (AED)	2.56
Return-on Equity (%)	23.13

Stock Performance

5 Days	10.00%
1 Months	18.92%
3 Months	37.50%
6 Months	34.97%
1 Year	39.24%
Month to Date (MTD%)	15.79%
Quarter to Date (QTD%)	23.60%
Year to Date (YTD%)	23.60%

derecognition of NCIs.

Balance Sheet Highlights

Total assets declined from AED 14.2 Bn in 2024 to AED 5.6 Bn in 2025, due to deconsolidation of operating subsidiaries. As a result, investment in subsidiaries measured at FVTPL were recorded at AED 4.8 Bn in 2025, compared to nil in 2024. Borrowings declined to AED 543 Mn in 2025 from AED 5.4 Bn in 2024. Total equity reduced from AED 8.3 Bn in 2024 to AED 4.8 Bn in 2025, mainly due to derecognition of NCI. Cash and bank balances stood at AED 456 Mn in 2025, compared to AED 901 Mn in 2024.

Target Price and Rating

We revise our rating from BUY to HOLD on Waha Capital with a revised target price of AED 2.20. The stock value improved 30.5% since our last rating. Effective 1 October 2025, Waha Capital updated its financial reporting framework to better align with its investment-led structure, presenting investments at fair value instead of consolidating them line by line. As a result, certain subsidiaries were deconsolidated and are now recognized at fair value through profit or loss (FVTPL), while entities providing investment management services remain consolidated. Public Markets, managed by Waha Investment PrJSC, reported AUM of AED 10.8 Bn (USD 2.9 Bn) as of 31 December 2025, up from AED 10.3 Bn (USD 2.8 Bn) reflecting a 4.8% YOY increase. The growth in AUM supports higher fee income potential, strengthens recurring revenue streams, and reinforces Waha Capital's position in the public markets segment, contributing positively to overall earnings visibility. The Funds managed by Waha Capital generated YTD net returns of 13.0% for the Waha Emerging Markets Credit Fund SP, 6.4% for the Waha MENA Equity Fund SP, and 8.2% for the Waha Islamic Income Fund SP for 2025. Since 2012, the Waha Emerging Markets Credit Fund has delivered a cumulative net return of 307.6%, markedly outperforming the benchmark, JPMorgan EMBI Global Diversified Index, returning 86.0% over the same period. Since 2014, the Waha MENA Equity Fund delivered a cumulative net return of 410.6%, far exceeding the 88.5% return of the benchmark, S&P Pan Arab Composite Index. Since 2020, the Waha Islamic Income Fund, targeting global sukuk and Shariah-compliant equities, achieved a cumulative return of 37.5%, outperforming the benchmark return of Dow Jones Sukuk Index's 11.5%, while emphasizing capital preservation and consistent income. Total AUM stood at c. AED 10.8 Bn in 4Q25, including third party AUM of AED 7.1 Bn, driven by ongoing inflows from regional and global institutional investors across credit, equity, and Islamic strategies. Private Investments AUM reached AED 717 Mn as of 4Q25, up from AED 656 Mn in 4Q24. Waha Land continues to prioritize the optimization of the remaining project phases while pursuing new development opportunities. The Company stake in Waha Land was valued at AED 448 Mn as of 31 December 2025, down from AED 801 Mn in 2024. The decline mainly reflects the sale of assets previously held for disposal, partly offset by fair value gains. The current leasable GLA of ALMARKAZ stood at 255K SQM including Stage 1, 2A and 2B. Additionally, the Company launched Stage 3 (c. 225K SQM GLA) of ALMARKAZ in 4Q25, with expected revenue generation starting from 4Q26. Waha Capital established its presence in Abu Dhabi Global Market (ADGM), positioning the firm centrally within Abu Dhabi's financial ecosystem and strengthening access to institutional and third-party capital. Waha Capital announced buyback of up to 10% of share capital signaling confidence in the company's outlook and valuation, while supporting shareholder returns alongside continued growth investment. Waha Capital has AED 1.47 Bn (USD 400 Mn) revolving credit facility, extended through 2028, offering significant liquidity and the flexibility to strategically allocate capital across key sectors. The Company proposed a cash dividend of 10 fils per share for 2025. Thus, we assigned a HOLD rating on the stock.

Waha Capital - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	10.0	11.6	9.1	10.6	2.8	7.6
PB	1.2	1.1	1.1	1.0	0.8	0.8
BVPS	1.801	1.864	2.000	2.099	2.548	2.730
EPS	0.213	0.184	0.236	0.202	0.770	0.282
DPS	0.075	0.080	0.100	0.100	0.100	0.100
Dividend Yield	3.5%	3.7%	4.7%	4.7%	4.7%	4.7%

FABS Estimates & Co Data

Waha Capital – P&L

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch	2024	2025	Change
Revenue from sale of goods and services	39	41	0	43	NM	NM	NM	150	130	-13.5%
Income from Property Investments	30	4	0	6	NM	NM	NM	69	114	64.0%
Income/ (loss) from financial investments	152	298	451	292	54.1%	NM	51.1%	941	1,165	23.8%
Fee Income	0	0	115	0	NM	NM	NM	0	115	NM
Share of results of asso/JV	5	2	0	4	NM	NM	NM	21	9	-57.0%
Finance income	15	24	5	21	-75.5%	-65.8%	-79.2%	77	83	8.9%
Other Income, net	15	3	-8	3	NM	NM	NM	39	1	-96.4%
Gain on deconsolidation of subsidiaries	0	0	259	0	NM	NM	NM	0	259	NM
Impairment of associate / JV	0	0	-8	0	NM	NM	NM	0	-8	NM
Gain on disposal of asso/JV	68	0	0	29	NM	NM	NM	68	29	-57.2%
Total Income	323	373	813	398	NM	NM	NM	1,366	1,897	38.9%
Expenditures	-108	-97	-132	-102	29.8%	21.9%	36.3%	-377	-438	16.2%
Finance cost	-57	-37	-11	-39	-70.8%	-80.3%	-69.4%	-309	-177	-42.8%
Total Expenses	-165	-134	-143	-140	2.1%	-13.4%	7.1%	-686	-615	-10.4%
Profit before tax	158	239	670	257	NM	NM	NM	680	1,282	88.7%
Tax expense	3	1	0	-4	-95.2%	NM	NM	0	-5	NM
NCI	61	106	0	101	NM	NM	NM	298	265	-11.2%
Profit for the period	99	134	669	152	NM	NM	NM	381	1,012	NM

FABS estimate & Co Data

Waha Capital - Margins

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025	Change
Cost-to-Income	64.9%	72.2%	70.1%	527	-208	71.6%	71.4%	-20
Net Profit	30.6%	36.0%	82.3%	NM	NM	27.9%	53.4%	NM

FABS estimate & Co Data

Valuation:

We use Discounted Free Cash Flow (DCF) and Dividend Discount Method (DDM) to value Waha Capital. We have assigned equal weight to DCF and DDM valuation methods.

Valuation Method	Target	Weight	Weighted Value
DCF Method	2.80	50.0%	1.40
DDM Method	1.60	50.0%	0.80
Weighted Average Valuation (AED)			2.20
Current market price (AED)			2.15
Upside/Downside (%)			+2.3%

1) DCF Method:

Waha Capital is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 9.6%. It arrived after using the cost of equity of 10.0% and after-tax cost of debt of 6.3%, with a debt-to-equity ratio of 0.14x. Cost of equity is calculated by using a 10-year government bond yield of 4.9%, a beta of 1.05 and an equity risk premium of 4.9%. Government bond yield is calculated after adding Abu Dhabi 10-year CDS spread over the 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	1,739
Terminal value (AED, Mn)	3,639
FV to Common shareholders (AED, Mn)	5,257
No. of share (Mn)	1,875
Current Market Price (AED)	2.15
Fair Value per share (AED)	2.80

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	465	484	486	473	455
D&A	9	11	12	14	2
Changes in working capital	-9	-7	-4	-5	-5
(-) Capex	-25	-26	-27	-27	-27
Free Cash Flow to Firm (FCFF)	440	461	464	451	420
Discounting Factor	0.92	0.84	0.77	0.70	0.64
Discounted FCFF	407	389	357	317	270

Source: FAB Securities

2) DDM Method:

Waha Capital has distributed dividends during the past five years. Over the last four years, the Company maintained an average dividend payout ratio of approximately 37%. Looking ahead, we expect the payout ratio to average around 41% over the next five years. The dividend is discounted at the cost of equity of 10.0%.

Sum of PV (AED, Mn)	883
Terminal value (AED, Mn)	2,117
FV to Common shareholders (AED, Mn)	3,001
No. of shares (Mn)	1,875
Current Market Price (AED)	2.15
Fair Value per share (AED)	1.60

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Dividend Paid					
12 months	188	226	226	264	264
Total Dividend	188	226	226	264	264
Discounting Factor	0.92	0.84	0.76	0.69	0.63
Present Value of Dividend	173	189	172	183	166

Source: FAB Securities

