Aldar Properties (ALDAR)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 7.45	AED 11.00	+48%	BUY

2Q26 Net Profit marginally in line with our estimate

- ALDAR's revenue increased 4.8% YOY to AED 8.1 Bn in 2Q26, supported by continued execution of the development backlog and higher recurring income from the Investment segment.
- Direct costs remained broadly stable, increasing marginally by 0.2% YOY to AED 5.2 Bn in 2Q26.
- Gross profit increased 14.2% YOY to AED 2.9 Bn in 2Q26, while gross margin expanded 298 bps YOY to 36.1%.
- EBITDA increased 17.6% YOY to AED 3.3 Bn in 2Q26, compared to AED 2.8 Bn in 2Q25, with EBITDA margin expanding to 41.0% in 2Q26 from 36.6% in 2Q25.
- Development Adjusted EBITDA increased 18.0% YOY to AED 1.8 Bn in 2Q26, while Investment Adjusted EBITDA also grew 18.4% YOY to AED 934 Mn.
- Operating profit increased 17.1% YOY to AED 2.4 Bn in 2Q26, with operating margin expanding 312 bps YOY to 29.8%.
- The Company recorded a net impairment reversal of AED 21 Mn in 2Q26 compared with AED 3 Mn in 2Q25.
- ALDAR's net profit attributable to equity shareholders increased 9.9% YOY to AED 2.2 Bn in 2Q26, driven by revenue growth, rise in gain on revaluation of investment properties and higher finance, partially offset by higher finance costs, income tax and non-controlling interests.
- The Company's development revenue backlog remained robust at AED 71.6 Bn in 2Q26, including AED 59.9 Bn in the UAE, providing medium to long term revenue visibility.
- Investment Properties continued to deliver healthy operating performance, supported by strong occupancy levels, rental growth and contributions from recent acquisitions across the commercial, retail, residential and logistics portfolio.
- ALDAR maintained a robust liquidity position of AED 37.1 Bn in 2Q26, comprising AED 16.8 Bn of free and unrestricted cash and AED 20.3 Bn of committed undrawn credit facilities.
- The Development Holdings pipeline increased to AED 20.0 Bn in 2Q26, underpinning future growth in the Company's recurring income portfolio.

Earnings Call Summary

- ALDAR delivered strong profitability in 2Q26, despite geopolitical tensions weighing on market activity during 2Q26 with UAE economic activity and consumer confidence remaining resilient.
- Backlog execution, disciplined project delivery and the recurring income platform continued to underpin earnings despite softer development sales and weaker hospitality performance.
- Raised USD 2.0 Bn of hybrid capital through public and Apollo issuances while securing a AED 5.0 Bn sustainability-linked revolving credit facility, further strengthening liquidity, optimizing the capital structure and enhancing funding flexibility for future growth initiatives.
- Maintained pricing discipline by offering selective payment plan flexibility, including the recently introduced 50% post-handover mortgage solution, while preserving pricing integrity, margins and long-term shareholder value.
- Construction cost inflation remained selective following regional disruptions and has been largely mitigated through early procurement, competitive tendering and advance contractor payments with higher selling prices partially offsetting cost pressures.
- Customer credit quality remained broadly healthy, with cash collections increasing from AED 6.0 Bn in 1H25 to AED 7.6 Bn in 1H26. While 90-day-plus default rates increased modestly to 1.3%–2.0%

from a historical level of around 1.0%, management indicated that customer payment behaviour remains resilient despite softer market conditions.

- Launched three residential projects during 2Q26 Yas Park Place, Al Ghadeer Gardens and Yas Acres the Orchids followed by The Canopies at Yas Point and Al Ghadeer Gardens II in July, strengthening the launch pipeline ahead of 2H26.
- Development sales plunged by 42.5% YOY to AED 5.4 Bn in 2Q26 due to a deliberate moderation in UAE launches, with inventory sales contributing 67% of UAE sales, while strong sell-through across recent launches reinforced confidence in accelerating development activity during 2H26.
- Expanded the strategic landbank through Dubai and Abu Dhabi acquisitions with a combined GDV exceeding AED 120 Bn, including Marsa Al Saadiyat, significantly enhancing long-term development visibility and future launch potential.
- International operations continued to gain momentum, with 2Q26 sales reaching AED 1.9 Bn across SODIC and London Square, supported by project launches in Egypt and continued platform expansion in the UK.
- Strong international sales primarily reflected project launch timing rather than changes in regional demand, with Egypt remaining launch-driven and London Square benefiting from platform expansion and institutional sales.
- Expanded the Develop-to-Hold pipeline to AED 20.0 Bn through the addition of AED 5.2 Bn of residential, retail and education assets, while Aldar Estates continued to build recurring revenues through a AED 2.9 Bn project management contract backlog.
- Investment Properties maintained resilient operating performance despite geopolitical disruptions, with portfolio occupancy remaining at 95%, supported by strong leasing demand across commercial, residential, retail and industrial assets.
- Hospitality performance remained affected by regional geopolitical disruptions, with occupancy at 54% and RevPAR declining 7% YOY in 1H26 to AED 430.
- Industrial & Logistics remains a preferred investment segment with a healthy acquisition pipeline, including one sizeable transaction and another distressed opportunity under evaluation.
- ALDAR continues to pursue disciplined capital deployment while maintaining flexibility to execute strategic acquisitions across its recurring income platforms.
- Management revised 2026 guidance to reflect a balanced sales and earnings outlook, lowering Development sales to AED 30–34 Bn from AED 45–49 Bn and Development EBITDA to AED 8.9–9.3 Bn from AED 9.5–10.0 Bn, while maintaining guidance for Aldar Investment, PMS EBITDA, D-Hold capex, capital deployment and UAE development margins.

Aldar Properties – P&L

AED Mn	2Q25	1Q26	2Q26	2Q26F	Var.	YOY Ch	QOQ Ch
Revenue	7,736	8,734	8,109	9,134	-11.2%	4.8%	-7.2%
Direct costs	-5,175	-5,411	-5,183	-5,749	-9.8%	0.2%	-4.2%
Gross profit	**2,561**	**3,323**	**2,925**	**3,385**	**-13.6%**	**14.2%**	**-12.0%**
Operating expenses	-499	-543	-511	-557	-8.2%	2.4%	-5.9%
EBITDA	**2,829**	**3,009**	**3,327**	**3,253**	**2.3%**	**17.6%**	**10.6%**
EBIT	**2,061**	**2,780**	**2,414**	**2,828**	**-14.6%**	**17.1%**	**-13.2%**
Profit before tax	**2,491**	**2,631**	**2,881**	**2,845**	**1.2%**	**15.6%**	**9.5%**
Tax	-296	-339	-312	-323	-3.3%	5.6%	-8.0%
NCI	224	252	403	277	45.1%	79.4%	59.5%
Profit for the period	**1,971**	**2,039**	**2,166**	**2,245**	**-3.5%**	**9.9%**	**6.2%**

FABS estimate & Co Data

Management Guidance:

	FY 25	H1 26 (Actual)	FY 26 (1yr Guidance)	Revised FY 26 (1yr Guidance)
Aldar Properties				
Adj. EBITDA	AED 9.9bn	AED 5.7bn	AED 12.7 to 13.3bn	AED 12.3 to 12.7bn
Deployment *(M&A)*	AED 3.3bn[1]	AED 1.7bn[1]	AED 3 to 4bn	No change
Capex *(D-Hold)*	AED 2.1bn[2]	AED 0.7bn[2]	AED 3 to 4bn	No change
Aldar Development (AD)				
Sales	AED 40.6bn	AED 12.1bn	AED 45 to 49bn	AED 30 to 34bn
EBITDA	AED 7.2bn	AED 4.0bn	AED 9.5 to 10.0bn	AED 8.9 to 9.3bn
o/w PMS	AED 0.9bn	AED 0.34bn	AED 0.9 to 1.0bn	No change
Gross Profit Margin – PDS (UAE)	36%	38%	37-39%	No change
Aldar Investment (AI)				
Adj. EBITDA	AED 3.2bn	AED 1.8bn	AED 3.7 to 3.9bn	No change
o/w M&A contribution	AED 0.3bn	AED 0.12bn[3]	AED 0.14 to 0.18bn[3]	No change

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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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