

Aldar Properties

Current Price	Target Price	Upside/Downside (%)	Rating
AED 7.52	AED 8.00	+6.4%	HOLD

3Q24 Net Profit lower than our estimate

- Group revenue rose significantly from AED 3.5 Bn in 3Q23 to AED 5.6 Bn in 3Q24, primarily due to the launch of wellness-inspired luxury developments and strong contributions from Aldar's international sales network.
- Direct cost grew significantly from AED 2.2 Bn in 3Q23 to AED 3.8 Bn in 3Q24, mainly due to a sharp increase in Property Development & Sales, Project management and International segment costs.
- Gross profit increased 39.7% YOY to AED 1.8 Bn in 3Q24, while gross margins fell 508 bps YOY to 32.7% in 3Q24.
- Aldar recorded 40.6% YOY growth in EBITDA to AED 1.5 Bn with an EBITDA margin of 27.7% in 3Q24 compared to 31.8% in 3Q23.
- Aldar recorded operating profit of AED 1,365 Mn in 3Q24 with 288 bps YOY decline in operating profit margin to 24.5% in 3Q24.
- Aldar's net profit grew 37.0% YOY to AED 1.1 Bn in 3Q24, mainly attributable to a strong increase in sales, finance income, and lower provisional charges partially offset by growth in direct and finance costs.
- The Company maintains a strong financial position as of 3Q24 with Debt to Total Equity ratio of 38% and Debt to Total Assets ratio of 19% with a total debt of AED 15.4 Bn.
- The Company's revenue backlog stood at AED 48.6 as of 9M24, providing strong revenue visibility across the UAE and International Business.
- Aldar Development owns a large landbank of 62.1 Mn sqm across Dubai, Abu Dhabi, and Ras Al Khaimah.
- Aldar Investments Properties recorded a strong overall occupancy rate of 95% across its commercial, retail, residential, and logistics portfolio.

Earnings Call Summary

- Aldar successfully launched eight new developments as of 9M24.
- Aldar development completed three new launches in 3Q24 in Dubai and Saadiyat, and Yas Island.
- Robust cash collection of AED 7.2 Bn in 9M24 and expect full-year cash collection of AED 8-9 Bn in FY2024.
- The Company recorded strong demand for properties in UAE by overseas and expat buyers, which accounted for 76% of the total UAE sales in 9M24 owing to its expanding sales network.
- Aldar boasts a robust pipeline valued at AED 9.35 Bn, scheduled for delivery over the next three years. This includes AED 5 Bn in commercial, retail, and hospitality projects in Abu Dhabi, AED 1 Bn in logistics in Dubai, AED 1.6 Bn in commercial developments, and AED 1.75 Bn in commercial, retail, and residential projects in Dubai.
- Aldar's hospitality and lead portfolio is poised for significant growth, supported by the Company's AED 1.5 Bn development plan aimed at transforming its assets into luxury resort-focused destinations.
- The Company's education portfolio opened two new greenfield schools in 9M24.
- Aldar, in a partnership with Mubadala, is bringing AED 30 Bn in prime Abu Dhabi real estate by leveraging its expertise in real estate development, asset management, institutional strength, and prime land bank to unlock substantial value creation opportunities.
- The Company is anticipated to launch a new logistics park near the International Airport in phases over the next 10 years, with the first phase expected to be operational by 2028.
- Aldar continues to expand its footprint in Dubai, including a 50-50 joint venture with Export City to develop a project with 8% commercial, 28% retail, and 25% residential components.

- As of 9M24, Aldar maintains a conservative leverage and high-interest coverage profile, with AED 18 Bn in free and unrestricted cash and undrawn committed bank facilities, ensuring strong liquidity.
- The Company revised its guidance for Adjusted EBITDA from AED 6.2-6.5 Bn to AED 6.8-7.0 Bn. Additionally, it also revised Development's EBITDA guidance from AED 4.1-4.3 Bn to AED 4.3-4.5 Bn, Investment business EBITDA also revised to AED 2.5-2.7 Bn from AED 2.3-2.5 Bn.
- Aldar's planned launches for Yas Island are on track for year-end, while the Fahed project and Dubai's third master development are set for 1Q25, signalling a solid pipeline ahead.
- The Company expects 2025 to be stronger than 2024 in terms of the outlook for new launches.
- Aldar expects its EBITDA to grow at least 35% YOY in 2025, backed by solid backlog and organic growth.

Aldar Properties – P&L

AED mn	3Q23	2Q24	3Q24	3Q24F	VAR	YOY Ch	QOQ Ch
Revenue	3,458	5,303	5,582	5,486	1.7%	61.4%	5.3%
Direct costs	-2,151	-3,478	-3,756	-3,576	5.0%	74.6%	8.0%
Gross profit	1,307	1,825	1,826	1,910	-4.4%	39.7%	0.0%
Operating expenses	-361	-419	-461	-439	5.0%	27.5%	10.0%
EBITDA	1,100	2,037	1,547	1,611	-4.0%	40.6%	-24.1%
EBIT	945	1,406	1,365	1,471	-7.2%	44.4%	-2.9%
Profit before tax	949	1,826	1,317	1,627	-19.1%	38.8%	-27.9%
Tax	-62	-75	-64	-67	-4.8%	1.9%	-15.6%
Profit for the period	794	1,552	1,088	1,358	-19.9%	37.0%	-29.9%

FABS estimate & Co Data

