

Aldar Properties

Current Price	Target Price	Upside/Downside (%)	Rating
AED 9.10	AED 9.30	+2%	HOLD

4Q24 Net Profit higher than our estimate

- Group revenue rose significantly 47.8% YOY to AED 6.5 Bn in 4Q24, due to strong demand for new and existing projects, a rising appeal among international buyers, and a successful execution of revenue backlog.
- Direct cost grew significantly from AED 2.8 Bn in 4Q23 to AED 4.1 Bn in 4Q24, mainly due to a sharp increase in property development and sales, project management, and estates (principal investment) cost.
- Gross profit increased significantly 50.0% YOY to AED 2.4 Bn in 4Q24, while gross margins fell 54 bps YOY to 36.5% in 4Q24.
- EBITDA rose 42.7% YOY to AED 2.3 Bn in 4Q24 driven by new property launches and successful execution of revenue backlog coupled with high occupancy and rental rates. However, EBITDA margin fell 126 bps YOY to 35.6% in 4Q24.
- Recorded 60.3% YOY growth in operating profit to AED 1.8 Bn in 4Q24 with 214 bps YOY growth in operating profit margin to 27.3% in 4Q24.
- Aldar's net profit grew 36.3% YOY to AED 1.6 Bn in 4Q24, mainly attributable to a strong increase in revenue, partially offset by growth in direct cost, operating expenses, and tax charge.
- The Company's revenue backlog stood at AED 54.6 Bn as of 2024, compared to AED 36.8 Bn in 2023, providing strong revenue visibility across the UAE and International Business.
- Aldar's liquidity remained strong at AED 18.6 Bn in 2024 with outstanding debt of AED 16.4 Bn. Gross debt to total asset ratio stood at 19% in 2024 compared to 17% in 2023, while the net debt to EBITDA ratio declined to 0.8x in 2024 from 1.4x in 2023.
- Investments Properties recorded a strong overall occupancy rate of 95% across its commercial, retail, residential, and logistics portfolio.

Earnings Call Summary

- Aldar Group aims to achieve an EBITDA of AED 10.4 Bn to AED 10.8 Bn in 2025, this will be a growth of 35% compared to the EBITDA of 2024. It is further expected to grow at a CAGR of 25% to 30% over the next three years.
- Aldar is guiding group development sales of AED 36-39 Bn in FY2025.
- Aldar Development aims to achieve an EBITDA of AED 6.6 Bn to AED 7.0 Bn in 2025, with a CAGR of 30% to 35% over the next three years.
- Project management is targeting an EBITDA of AED 800-AED 900 Mn in FY2025.
- The Company expects the Development segment to achieve a gross margin of 34% to 36% in FY2025 and further expects to expand to 35-38% over the three-year horizon.
- Aldar Investment will grow through the integration of Masdar asset acquisition and the transfer of D-hold assets. It aims to achieve an EBITDA of AED 3.2 to AED 3.3 Bn in FY2025 and further expect to grow at a CAGR of 15-20% over the three years.
- The Company expects to allocate between AED 3 Bn - AED 4 Bn for D-hold capital expenditure in 2025 and further incur AED 9 Bn - AED 12 Bn on capex over the next three years.
- Aldar completed the acquisition of AED 2.3 Bn tower in DIFC, making it one of the most significant commercial property deals in Dubai's financial district.

- The company finalized three out of four joint ventures with Mubadala, which include acquiring commercial and residential assets in Masdar City, purchasing the Al Falah land plot for a logistics park development, and securing a strategic island between Saadiyat and Reem Island for the creation of luxury homes.
- Aldar invested AED 255 Mn for the acquisition of six Falak Commercial Buildings in Dubai Internet City. Additionally, AED 1.9 Bn was deployed in Masdar City and AED 150 Mn for Al Falah land as part of its partnership with Mubadala.
- The commercial portfolio is currently 98% occupied, with high demand for Grade A space leading to higher rental rates.
- Aldar Development launched 12 developments in the UAE in 2024, including four in 4Q24.
- London Square established a strong foundation for future growth in 2024 by acquiring 13 land plots and launching four developments.
- Committed to higher dividend payout going forward.
- Aldar Investment AUM amounted to AED 42 Bn supported by strategic acquisitions over the last two years
- SODIC launched Ogami in Egypt with sales of AED 3.5 Bn, a record-high for the business.
- Aldar is launching a record number of single-family homes in the market this year.
- The Company is always trying to bring new products to the market where there is a pocket of demand.

Aldar Properties – P&L

AED mn	4Q23	3Q24	4Q24	4Q24F	Var.	YOY Ch	QOQ Ch
Revenue	4,398	5,582	6,498	5,895	10.2%	47.8%	16.4%
Direct costs	-2,818	-3,756	-4,129	-3,978	3.8%	46.5%	9.9%
Gross profit	1,580	1,826	2,369	1,917	23.6%	50.0%	29.8%
Operating expenses	-472	-461	-594	-491	21.0%	25.8%	29.0%
EBITDA	1,620	1,547	2,312	1,631	41.7%	42.7%	49.5%
EBIT	1,107	1,365	1,775	1,426	24.5%	60.3%	30.1%
Profit before tax	1,448	1,317	2,079	1,780	16.8%	43.6%	57.9%
Tax	-37	-64	-150	-83	79.9%	NM	NM
Profit for the period	1,203	1,088	1,640	1,437	14.1%	36.3%	50.8%

FABS estimate & Co Data

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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