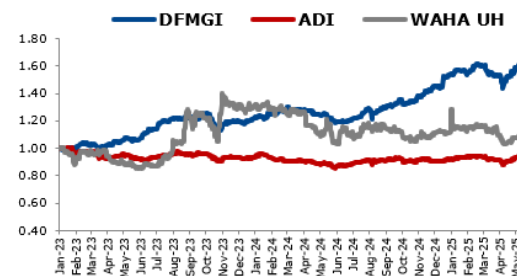


Al Waha Capital PJSC

Lower income from financial investments and higher tax expenses impacted profitability

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.48	AED 1.84	+24%	BUY

- Total income declined 29.0% YOY to AED 330 Mn in 1Q25, due to a substantial decline in income from Financial Investments.
- Total AUMs rose from AED 11.9 Bn in 2024 to AED 12.3 Bn in 1Q25.
- Public market third-party AUM stood at AED 7.2 Bn in 1Q25 compared to 6.0 Bn in 1Q24.
- The Group's Private investments business generated profit of AED 16 Mn in 1Q25, driven by a successful partial strategic exit from one of its portfolio investments.
- Waha's total borrowings grew from AED 5.4 Bn in 4Q24 to AED 6.2 Bn in 1Q25.



1Q25 Net Profit lower than our estimate

Al Waha Capital PJSC (the Group/Waha) reported a decline in net profit from AED 166 Mn in 1Q24 to AED 81 Mn in 1Q25, lower than our estimate of AED 137 Mn. This decline in net profit is mainly attributable to a lower total income driven by a decline in income from financial investments, other income and higher income tax charges, partially offset by growth in revenue, gains on disposal of associates, lower expenditures and decline in finance costs.

P&L Highlights

Waha's total income declined 29.0% YOY to AED 330 Mn in 1Q25, due to a substantial decline in income from Financial Investments, partially offset by a rise in revenue, income from Property Investments, finance income, along with a gain on the disposal of associates. The Group's Public Market income declined from AED 361 Mn in 1Q24 to AED 252 Mn in 1Q25, primarily due to the challenging market conditions, partially offset by a rise in fee income and a rise in assets under management. On the other hand, the Private Investment segment registered a decline of AED 60 Mn in 1Q25 compared to AED 78 Mn in 1Q24. Waha Land's income grew from AED 14 Mn in 1Q24 to AED 17 Mn in 1Q25. Additionally, Corporate income declined significantly from AED 12 Mn in 1Q24 to AED 1 Mn in 1Q25. The Group's total assets under management (AUMs) increased from AED 11.1 Bn in 1Q24 to AED 12.3 Bn in 1Q25, driven by robust inflows of third-party capital into Waha Investment's funds. Income from financial investments declined from AED 376 Mn in 1Q24 to AED 214 Mn in 1Q25, mainly attributable to the challenging market conditions. Income from property investments rose 23.3%

Stock Information

Market Cap (AED, Mn)	2,787.60
Paid Up Capital (Mn)	1,883.51
52 Week High	1.74
52 Week Low	1.34
3M Avg. daily value (AED)	1,104,096

1Q25 Result Review (AED, Mn)

Total Assets	15,406
Total Liabilities	7,016
Total Equity	8,390
Total Income	330
Net Profit	81

Financial Ratios

Dividend Yield (12m)	6.76
Dividend Pay-out (%)	49.40
Price-Earnings Ratio(x)	9.34
Price-to-Book Ratio (x)	0.72
Book Value (AED)	2.05
Return-on Equity (%)	7.81

Stock Performance

5 Days	0.00%
1 Months	4.23%
3 Months	-6.33%
6 Months	0.00%
1 Year	-1.99%
Month to Date (MTD%)	0.68%
Quarter to Date (QTD%)	-0.67%
Year to Date (YTD%)	-14.94%

YOY to AED 17 Mn in 1Q25. Other income declined from AED 15 Mn in 1Q24 to AED 3 Mn in 1Q25. The Group's finance income rose 15.7% YOY to AED 21 Mn in 1Q25. Waha recorded a gain on disposal of investments in associates of AED 29 Mn in 1Q25. Furthermore, the Group's expenditures fell 9.1% YOY to AED 94 Mn in 1Q25, due to a decrease in staff costs, D&A expenses, partially offset by a rise in medical and other consumables expenses, legal and other professional expenses. Finance cost declined 4.9% YOY to AED 77 Mn in 1Q25, supported by lower profit margins on loans after refinancing in 2024, and a decline in interest rates. Waha's tax expenses boosted significantly from AED 0.2 Mn in 1Q24 to AED 2 Mn in 1Q25. The share of profit attributable to non-controlling interest holders declined from AED 115 Mn in 1Q24 to AED 77 Mn in 1Q25.

Balance Sheet Highlights

The Group's financial investments grew from AED 10.3 Bn in 4Q24 to AED 10.9 Bn in 1Q25, mainly attributable to an increase in listed public market funds, partially offset by a decline in private market funds. Cash and cash equivalents grew from AED 0.9 Bn in 4Q24 to AED 1.1 Bn in 1Q25. Trade and other receivables grew from AED 1.9 Bn in 4Q24 to AED 2.2 Bn in 1Q25, due to higher receivables from public market funds pending settlement by brokers. Waha's total borrowings grew from AED 5.4 Bn in 4Q24 to AED 6.2 Bn in 1Q25. Trade and other liabilities rose from AED 308 Mn in 4Q24 to AED 420 Mn in 1Q25, attributed to higher payables from public market funds pending settlement with brokers.

Target Price and Rating

We maintain our BUY rating on Waha Capital with a target price of AED 1.84. The Group's AUM increased from AED 11.9 Bn in 2024 to AED 12.3 Bn as of 1Q25, reflecting strong growth driven primarily by robust third-party net inflows. Third-party AUM rose to AED 7.2 Bn in 1Q25, up from AED 6.0 Bn in 1Q24, and remained well-diversified across a broad base of regional and global clients. Waha Emerging Markets Credit Fund recorded a cumulative net return of 270.7% as of 1Q25, compared to a 66.4% return by its benchmark (JP Morgan EMBI Global Diversified Index). Consequently, Waha Mena Equity Fund SP recorded a cumulative net return of 383.3% during the same period compared to an 85.8% return by its benchmark S&P Pan Arab Composite Index. Additionally, Waha Islamic Income Fund posted a cumulative net return of 29.0% as of 1Q25 compared to a 6.0% increase in the benchmark (Dow Jones Sukuk Index). The Group's Private investments business generated a profit of AED 16 Mn in 1Q25, primarily supported by a successful partial strategic exit from one of its portfolio investments. Furthermore, the Private Investments team managed AED 628 Mn in assets in 1Q25, emphasizing prudent capital allocation, value-accretive divestments, and disciplined portfolio enhancement through selective investment activity. Waha Land effectively optimized its real estate portfolio, achieved near full occupancy in ALMARKAZ Stages 1 and 2A across 180,400 m², while Stage 2B reached 76% leasing, supported by strong demand and a diverse tenant base spanning oil & gas, manufacturing, and logistics sectors. Furthermore, Waha Land maintained its focus on enhancing value from the ALMARKAZ platform by exploring opportunities to monetize income-producing assets. This strategic expansion, coupled with the Group's ongoing efforts to enhance its leasable portfolio, is expected to drive strong income growth for its Land business. Moreover, the Company's shareholders also proposed a dividend of AED 0.10 per share, generating a dividend yield of 6.7% in 2024. Thus, based on our analysis, we assigned a BUY rating on the stock.

Waha Capital - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	6.1	7.0	8.1	6.3	7.4	7.3
PB	0.9	0.8	0.8	0.7	0.7	0.7
DPS (AED)	0.060	0.075	0.080	0.100	0.100	0.100
Dividend yield	4.0%	5.1%	5.4%	6.7%	6.7%	6.7%

FABS Estimates & Co Data

Waha Capital – P&L

AED Mn	1Q24	4Q24	1Q25	1Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	39	39	41	40	2.7%	5.8%	5.8%	150	162	8.0%
Income from Property Inv	14	30	17	16	7.1%	23.3%	-42.4%	69	78	12.0%
Income from Financial Inv	376	152	214	288	-25.6%	-43.1%	40.6%	941	934	-0.7%
Share of results of associates	2	5	4	0	NM	69.2%	-14.5%	21	23	8.0%
Finance income	18	23	21	20	4.1%	15.7%	-9.1%	77	81	5.9%
Other Income	15	7	3	17	NM	NM	-49.0%	39	24	-38.0%
Gain on disposal of associate / JV	0	68	29	0	NM	NM	-57.2%	68	75	10.0%
Total Income	465	323	330	381	-13.4%	-29.0%	2.1%	1,366	1,377	0.9%
Expenditures	-103	-108	-94	-96	-2.8%	-9.1%	-13.5%	-377	-436	15.6%
Finance cost	-80	-57	-77	-74	3.5%	-4.9%	34.0%	-309	-305	-1.3%
Total Expenses	-183	-165	-170	-170	-0.1%	-7.2%	2.9%	-686	-741	8.0%
Profit before tax	281	158	160	211	-24.2%	-43.2%	1.2%	680	637	-6.3%
Tax expense	0	3	-2	0	NM	NM	NM	0	0	1.7%
NCI	115	61	77	74	3.8%	-33.3%	24.7%	298	255	-14.6%
Profit for the period	166	99	81	137	-40.7%	-51.3%	-18.2%	381	382	0.2%

FABS estimate & Co Data

Waha Capital - Margins

	1Q24	4Q24	1Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Operating Profit	76.9%	63.9%	69.7%	-725	577	70.8%	66.4%	-437
Net Profit	35.8%	30.6%	24.6%	-1,125	-610	27.9%	27.7%	-19

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	2.35	50.0%	1.17
DDM Method	1.34	50.0%	0.67
Weighted Average Valuation (AED)			1.84
Current market price (AED)			1.48
Upside/Downside (%)			+24%

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 6.6%. It arrived after using the cost of equity of 9.5% and after tax cost of debt of 5.4%, with a debt-to-equity ratio of 2.21x. Cost of equity is calculated by using a 10-year government bond yield of 5.1%, a beta of 1.05 and an equity risk premium of 4.2%. 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)	2,858
Terminal value (AED, Mn)	11,197
FV to Common shareholders (AED, Mn)	4,418
No. of shares (Mn)	1,884
Current Market Price (AED)	1.48
Fair Value per share (AED)	2.35

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	942	934	901	836	776
D&A	16	16	17	18	19
Changes in working capital	-218	-46	-16	4	31
(-) Capex	-113	-143	-143	-142	-139
Free Cash Flow to Firm (FCFF)	469	761	760	717	686
Discounting Factor	0.96	0.90	0.85	0.79	0.74
Discounted FCFF	451	686	642	568	510

Source: FAB Securities

2) DDM Method:

Waha Capital has distributed dividends during the past five years. Over the last three years, the Company maintained an average dividend payout ratio of approximately 45%. Looking ahead, we expect the payout ratio to average around 50% over the next five years. The dividend is discounted at the cost of equity of 9.5%.

Sum of PV (AED, Mn)	774
Terminal value (AED, Mn)	1,744
FV to Common shareholders (AED, Mn)	2,518
No. of share (Mn)	1,884
Current Market Price (AED)	1.48
Fair Value per share (AED)	1.34

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Dividend Paid					
12 months	194	194	194	194	194
Total Dividend	194	194	194	194	194
Discounting Factor	0.95	0.86	0.79	0.72	0.66
Present Value of Dividend	184	168	154	140	128

Source: FAB Securities

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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