

Aldar Properties P.J.S.C. (Aldar) - 4Q23 Result Review

Analyst: Neetika Gupta

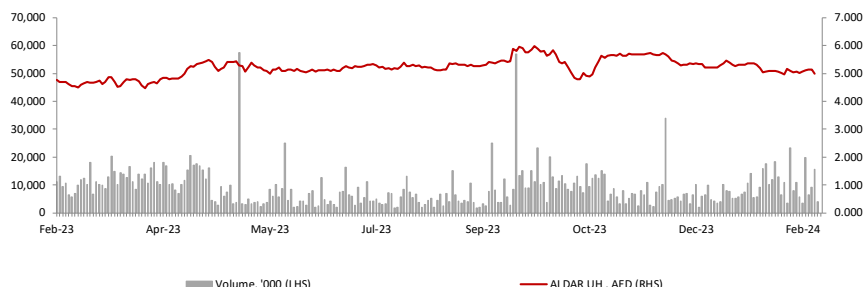
Previous Recommendation:
Previous Reco. & Date:

Hold
TP: AED 5.6 per share; Hold on 1-Aug-2023

Fair Value (AED): 5.13
Upside / (Downside): 9.2%

Date: 2/11/2024

Bloomberg Ticker	ALDAR UH
Current Market Price (AED)	5.130
52wk High / Low (AED)	6.01/4.39
12m Average Vol. (000)	9,013.5
Mkt. Cap. (USD/AED mn)	10,982/40,33
Shares Outstanding (mn)	7,862.6
Free Float (%)	48%
3m Avg Daily Turnover (000)	43,930.3
6m Avg Daily Turnover (000)	42,560.2
P/E'24e (x)	10.0x
EV/EBITDA'24e (x)	8.6x
Dividend Yield '24e (%)	3.1%
Price Perf. (1m/3m) (%)	-13.2/-3.5



4Q23 revenue up 40% YoY; ahead of our expectations

The company reported 4Q23 revenue of AED 4.4bn (27% QoQ and 40% YoY), ahead of our expectations. The growth across platforms was driven by the accelerated construction progress, strong quarterly development sales, and solid organic growth across recurring income portfolio. Additionally, the company achieved development sales of AED 8.5bn in 4Q23 with development backlog reaching AED 36.8bn, driven by a strong demand from end-users and investors, with overseas and resident expat buyers accounting for 66% (AED 16 billion) of UAE sales. During FY23, the company recorded a revenue of AED 14.2bn, up 26% YoY on the back of strong demand.

Operating income and net income came ahead of our expectations

For 4Q23, EBITDA grew 42% YoY to reach AED 1.6bn, ahead of our estimates of AED 1.1bn. This outperformance is attributed to higher occupancy levels across the portfolio, as well as meaningful contributions from 2022 acquisitions which continue to positively impact the bottom line. Occupancy across the portfolio was 93% as a result of proactive asset management. Net income totalling AED 1.4bn (39% YoY, 59% QoQ) came ahead of our expectations. For FY23, EBITDA grew 39% and net profit increased by 40% YoY.

Maintain Target Price

We believe that the real estate sector in the UAE is poised for strong growth, driven by the key positives factors, such as robust UAE off-plan sales and improving occupancy levels. Aided by a stable macro-economic outlook along the resilient real-estate segment in the GCC region, Aldar is well-positioned to maintain its growth trajectory. Strong development revenue backlog with several launches in Dubai and Abu Dhabi provides strong income visibility over the next 2-3 years. We note the strong set of results reported, ahead of consensus estimates and believe there should be further upside from current trading level.

Valuation

Aldar is trading at 2024e P/E of 10.0x – which represents a 12% discount compared to the historical average 1-year forward P/E of 11.4x. Additionally, the stock is valued at EV/EBITDA multiple of 8.6x, based on our FY24 estimate, which is at a 6.5% discount compared to the historical average of 9.2x.

Income Statement												
(AED mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e	YoY (%)	QoQ (%)	Var (%)	FY22	FY23	YoY (%)
Sales/Revenue	3,134	3,066	3,240	3,458	4,398	3,680	40%	27%	20%	11,200	14,161	26%
Gross Profit (Loss)	1,280	1,182	1,433	1,307	1,652	1,480	29%	26%	12%	4,512	5,573	24%
EBITDA (Loss)	1,160	955	1,400	1,100	1,645	1,100	42%	50%	50%	3,670	5,100	39%
Net Profit (Loss)	1,013	836	1,282	887	1,412	938	39%	59%	51%	3,144	4,416	40%
Balance Sheet												
(AED mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e	YoY (%)	QoQ (%)	Var (%)	FY22	FY23	YoY (%)
Shareholders' Equity	28,349	27,586	28,781	29,869	29,869	30,806	5%	0%	-3%	28,349	29,869	5%
Key Ratios												
	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e						
Gross Profit Margin	41%	39%	44%	38%	38%	40%						
EBITDA Margin	37%	31%	43%	32%	37%	30%						
Net Profit Margin	32%	27%	40%	26%	32%	25%						
Return on Equity (RoE)	14%	12%	18%	12%	19%	12%						

Source: Financials, Bloomberg, U Capital Research


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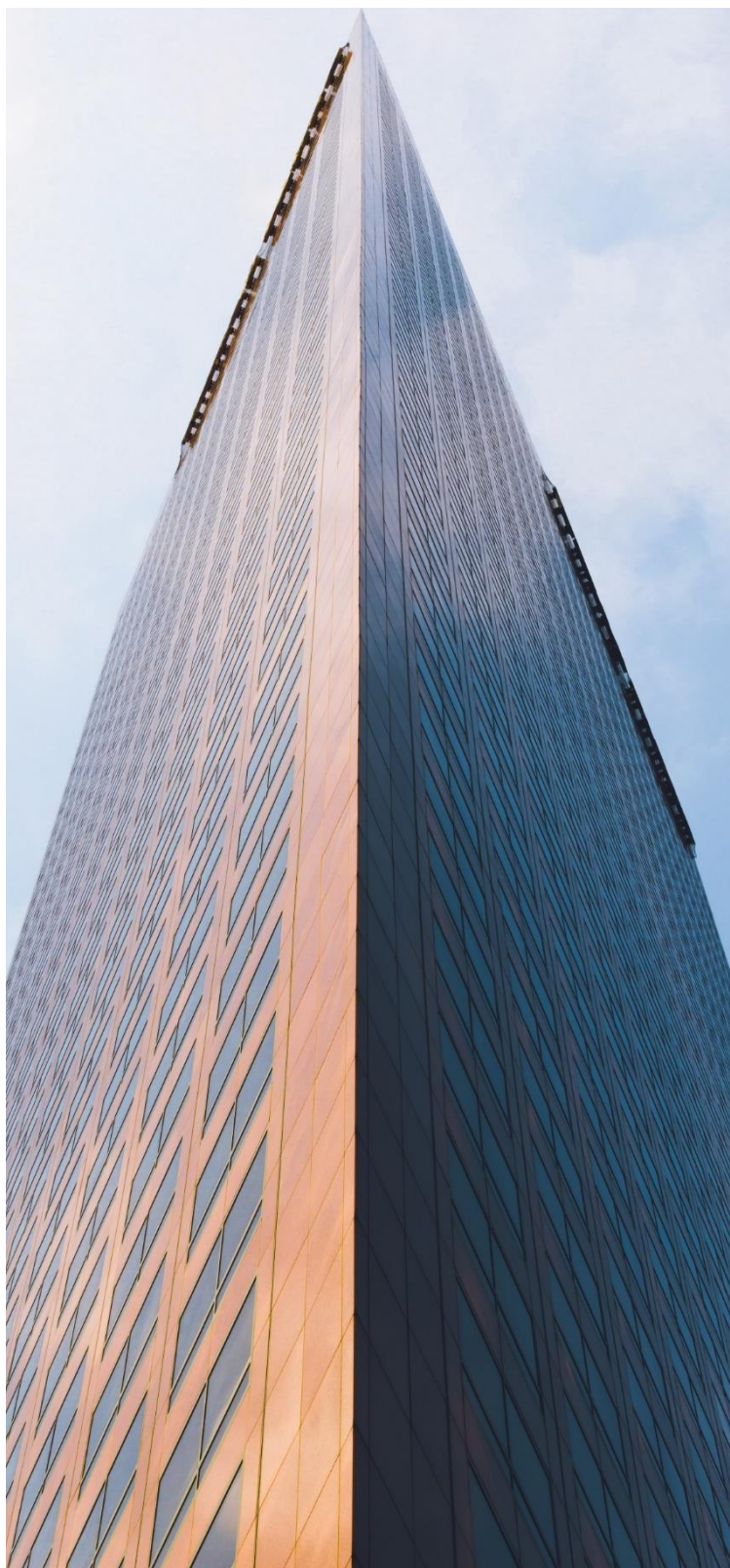
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Disclaimer

Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%

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