

# Alpha Dhabi 2Q25 results call hosted by International Securities

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## **Afaq Nathani, International Securities**

Hello everyone. Welcome to Alpha Dhabi Holding 2Q25 and 1H25 results conference call hosted by International Securities. My name is Afaq Nathani, Senior Research Analyst at International Securities and today I have the pleasure of introducing the Chief Strategy and Investor Relations Officer at Alpha Dhabi, Derek Nicholson, and the Group Chief Finance Officer, Fadi Sleiman. Alpha Dhabi team, thank you for joining the call today.

Following a presentation of Alpha Dhabi's performance by their team, the floor will then be open to a Q&A session. In order to ask a question, please tap the raise hand button. Once it is your turn, your name will be announced and your mic will be enabled. You will then be able to unmute locally and speak directly to the company. Before you ask your question, we request you to please mention the name of the organization you're representing. I will now give the floor to Alpha Dhabi's team. Derek and Fadi, please go ahead.

## **Derek Nicholson, Alpha Dhabi**

Good afternoon, everyone. Thank you for joining our Investor Relations call today. My name is Derek Nicholson and I am the Chief Strategy and Investor Relations Officer at Alpha Dhabi Holding. The call will provide an update on the financial performance of Alpha Dhabi as at the end of 2Q2025. In order to provide an overview of the financial position, I'll now hand over to my colleague, Fadi Sleiman, the Group Chief Finance Officer.

## **Fadi Sleiman, Alpha Dhabi**

Thank you, Derek. Good afternoon. I'm pleased to deliver another quarter of record performance and year on year growth for Alpha Dhabi. Some of the key highlights which demonstrates the resilience of Alpha Dhabi business model and strategy to drive the growth across its portfolio. The revenues have shown for the same period growth by 23% to AED35.9bn, the adjusted EBITDA for the period was AED8.7bn, 34% growth and the return of on equity was 15.6%. This take into account that the

profit margins for the marginal growth in revenues was above 30%.

The revenues has increased by 23% year on year to reach AED35.9bn and gross profit has increased by 33% to AED8.5bn fueled by strong performance from real estate which was 42% on year to year growth and industrial 10% year on year growth and construction by 15%. Adjusted EBITDA, which is the group preferred measure of profitability to provide comparison on like to like basis, increased by 32% to AED8.7 billion, reflecting stronger operational performance of the group.

The net profits at AED6.6bn was in line with the same period in 2024. However, it should be noted that the non-recurring items was AED1.5bn higher in 2024. If these nonrecurring items were removed, then the increase in net profit would be 29% for 2025. I would like to maybe also to highlight that there was the in this year we provisioned for the domestic minimum top up tax at the start of 2025 and the effective corporation tax has increased from 5% to 11% in 2025, combined with the lower non-recurring items for the 2025. Adjusted EBIDTA has grown from the year 2021 at AED5.9billion to AED13.6bn in 2024. Amazingly it's in in in 2025 mid-year it was AED8.4bn. Already that amount was reflected as you can see from this line. Net profit showed a robust growth historically including non recurring item. The net profit is AED6.6bn which was in line with the 6.7 and as explained earlier that is without the non recurring items.

As you can see from this slide, this is to really highlight the actual changes and growth as you can see to arrive to the adjusted EBIDTA, we have removed the effect of gains on the recognition of a subsidiary and any gains from fair value of investments as you can see in comparison to the adjusted EBIDTA. Gross profit from core businesses was the main driver in the growth of the adjusted EBIDTA.

From a balance sheet perspective, Alpha Dhabi has a robust balance sheet which provides a solid foundation to grow the group going forward and deliver on the execution of strategy. The 12% increase in assets on account of acquisition was AED7.8bn. The reverse acquisition of NCTH and the acquisition of Masdar Green in Q 2025, followed by the acquisition of Emdad and Industrial Properties in Q22025. The increase in of 19% of liabilities was majorly on the account of issuance of Sukuks and hybrid bonds, followed by an increase of AED6.5bn in contract liabilities and trade

related payables.

Total equity of AED98bn with owner's equity standing at AED56bn at the end of first half with an increase of 6% in its equity. Despite increased borrowings, we have maintained a conservative net debt to cash position with net debt of AED5.3bn, including lease liabilities, reflecting the strong cash position of AED33.7bn. The cash position was boosted as a result of receipt of payment for the final payment from the equity stake in sale in Trojan Construction. The return on equity based on a rolling 12 months net profit was 15.8%. Net debt to EBIDTA was at 0.3x is well within the target of 3x net debt to EBIDTA. Net debt to total equity is 3%. Both metrics highlight the considerable capacity that the group has to deploy further capital to support growth.

As for segment performance, as you can see, all divisions achieved year-on-year growth in revenues, demonstrating the diverse portfolio of the group and no reliance on any individual entity. The performance of the real estate and the industrial segment has increased by AED0.9bn and AED0.2bn respectively, reflecting the growth of these sectors. Services and others include one time gain of AED1.9bn in first half of 2024.

### **Derek Nicholson, Alpha Dhabi**

Thank you, Fadi. In this slide, we want to highlight some of the key portfolio companies within the group, some of which are already listed on ADX, including NMDC Group, Aldar and Pure Health. I'd like to highlight that Pure Health is actually an associate and we only take a share of the profit, but we show the overall key metrics of the group to show the scale of one of our key assets in our portfolio.

In addition, we show Trojan, which is currently a private sector group within the portfolio, but we want to show the scale of the company and what it contributes to the overall position of the company. Just to re-highlight for some of you who are maybe new to join in the call on the group, Alpha Dhabi comprises of eight key verticals. There are over 250 companies across the Group. Seven of which are listed on the ADX itself. We're a major employer within the UAE with over 95,000 employees. Through M&A and expansion of our business portfolio, we now have a presence in over 45 countries, which is reflected in the fact that the half year we grew 27% of revenues outside the UAE, which stood at AED4.6bn, equal to 13% of our

total revenue.

We highlight that 87% of the revenue is still generated within the UAE and highlights a strong macro environment and tailwinds that exist across the key sectors that our portfolio companies operate in and are key drivers supporting the Vision 31 of the UAE and Abu Dhabi itself.

In this slide, next slide, we are highlighting some of the key entities within the group and the green dotted lines we show those that are listed on ADX. The key at the bottom shows that which companies are classified as a subsidiary and associate and investment and those that are joint ventures. So you can see the breadth of our shareholding and ownership of some of these companies. As you can see from this slide, there are still many parts of the group that are private sector and these if you want exposure to these sectors within the Emirate of Abu Dhabi and within our portfolio, you would have to invest through Alpha Dhabi to get exposure to them. And some of these are new platforms that we've developed since we IPO Alpha Dhabi. Some of those would include the energy sector, climate capital and we've also expanded within the hospitality sector as well.

We also want to emphasise that Alpha Dhabi and those portfolio companies are an integral part of Abu Dhabi's economic and social fabric, investment in sectors and companies that focus on core infrastructure and services that are economically resilient and core to the economic development of any city. Across the portfolio, the group has tight working partnerships with Abu Dhabi Government related entities. With ADQ there are partnerships across healthcare, construction, real estate and financial services. We're also partners with Mubadala across real estate within Aldar and private credit and with ADNOC in oilfield services and the petrochemicals project called Taziz, which they are leading the development of. Collaboration and partnership is one of the core values of Alpha Dhabi and we believe that this has delivered to date and will continue to play a key role in the future growth of the group. Growth across UAE revenues has been a key to the significant growth across Abu Dhabi's portfolios reflected in the numbers that we're presenting today.

I'll move on to guidance and strategic initiatives. Earlier this year, we issued guidance to the market for the first time and here we provide an update on how we're

performing so far against these key metrics. Adjusted EBITDA includes the profits from the subsidiaries and associates as well as the dividend income. It excludes non-recurring fair value gains and accounting adjustments such as the deconsolidation of a subsidiary which we experienced in 2024. The guidance that we issued earlier this year was we were projecting that we would achieve Adjusted EBITDA on in the range of AED17 to 17.5bn, which is a significant increase above the AED13.6 billion that we achieved in 2024.

As reported by Fadi earlier in the presentation, the position that achieved at the end of the first half of the year was AED8.7bn. We confirmed the outlook for a target for 2025 and we will provide the further update when we issue our Q3 results later this year. Our EBITDA margin target for the period is in the low 20s, which is in line with previous years. The figure at the end of the first half of the year was slightly above this target and reflects the improved gross margins experienced than the operating companies in the business.

Our target capital deployment this year was AED6.6bn dirhams, which was a significant increase from the actual amount that was deployed in 2023 and 2024 and partly reflects the non-existing commitments that we had within our M&A. The actual amount that would be deployed is obviously subject to the actual timing and completion of the M&A led by our investment team. But so far this year we're on track having deployed AED2.7bn so far. This was mostly against some of our existing commitments including Alpha Wave Ventures, Alpha Wave Credit as well as Enersol Energy Solutions or joint venture with ADNOC drilling.

The group also completed in the first half of this year the transaction to divest 49% of our stake in Trojan construction to ADQ receiving the final payment in Q2 of this year. This confirms the group's ability to divest and recycle capital to support future investment. The pipeline of M&A remains robust and the leadership team are working to conclude these and progressing against them. We will provide further updates on any transaction as and when they close. We plan to deploy between AED25 and AED30bn over the cycle of the business plan covering the period 2026 to 2029. We also have flexibility to increase capital deployment in any year if we identify suitable M&A or investment opportunities that are in line with our strategy. Our target return on equity for the group for M&A is 15% plus and this forms part of the

investment screening process when considering new opportunities. Return on owner's equity as at the half year based on the last 12 months basis was 15.6%. So we're marginally above this and this was an improvement on the position we reported in Q1.

Our net debt to EBITDA ratio remains significantly below the 3x position as the guidance provided by our board and this highlights the significant headroom that we have as a group to support future growth by increasing our leverage position.

If you look at some of the strategic initiatives for the group going ahead, Alpha Dhabi's strategy is very much inspired by Abu Dhabi Economic Vision 2031. Our forward-looking strategic initiatives that we target to execute on include capital allocation for strategic priority sectors including financial services, hospitality and energy and these sectors that we're already in. As a leadership team, we believe that we are underway in these sectors and so are deliberately targeting to increase of exposure to each of these to rebalance our portfolio in terms of our allocation.

In 2025, we allocated additional capital within our existing hospitality assets. we increased the shareholding across three of the M& A investment that we'd already concluded, reiterating our commitment to the sector. As reported earlier in Q1, we'd also merged our private assets including the St Regis saadiyat resort and other resorts with NCTH to become the controlling shareholder of the the combined entity which is listed on ADX. We will remain a disciplined capital allocator and the focus is on generating long term shareholder value. We continue to see significant opportunities in each of the sectors that we've highlighted and want to add to our existing portfolio and deliver significant growth for our shareholders.

Alpha Dhabi is fortunate that it has developed a proprietary network which provided with exceptional access to deal flow from across the globe. This allows us to select the best opportunities that meet our strict investment criteria in the eight key sectors that are part of our existing portfolio. We also plan to increase our geographic expansion and have a global mindset in terms of country allocation. We do not have any specific single countries that we are targeting. As we already highlighted earlier in the presentation, we have increased our portfolio to now having a presence in over 45 countries as a result of M&A that has been concluded. This is a resulted in

the revenue from outside the UAE increasing to AED4.6bn. But I do want to stress that the core of our business is still driven by the macro tailwinds that exist within the UAE economy which has been the key driver of our growth in the previous years and also significantly in this year as well.

If you look about what we're trying to do in terms of diversification on our funding sources, we've been very privileged with the strong relationship we have with the banks here in the UAE. We want to increase the number of banks and the diversity that we have within them and also to use that to increase the leverage across the portfolio to be growing towards that three times net debt to EBITDA target the board has given us. If you look at capital recycling, I highlighted earlier one of the key transactions where we divested 49% in a construction group. We concluded by receiving the final payment for that in Q2 and we look ahead. IPOs is a definite part of our strategy in the future. However, the companies and timing of such IPOs will be announced at the relevant time and subject to multiple factors before deciding to proceed. At this moment in time, we don't have any definite dates for IPOs and those existing portfolio companies. However, as an active investor, we actively work with all the portfolio companies to identify opportunities that will allow them to grow and accelerate moving towards that target of an IPO in the future.

We are actively working across our whole portfolio to identify synergies which we believe will help to drive further value and be accretive for our shareholders in the future.

Moving on to sustainability and how that reflects across the portfolio within Alpha Dhabi. Alpha Dhabi believes that his greatest impact on ESG across his portfolio will be through the operating companies that it's a shareholder in. We have taken an active role in both leading and supporting the ratings process across our portfolio companies, resulting in the ratings highlighted across some of the key and largest entities within the group today. They recognise the ESG leaders within their respective industries. We will continue to play an active role and the other entities across the group going forward. Alpha Dhabi also plays an integral role in the UAE's Vision 2031 and the UAE's nationally determined contribution to the UN Paris Accords and the United Nations Sustainable Development Goals. On this slide, we highlight just a few of the key goals where we contribute to these goals across the

portfolio. They include good health and well-being, with Pure Health leading our efforts in this field, access to affordable, reliable and sustainable energy via W Solar and Caleon Energy, decent work and economic growth with over 120,000 employees across the subsidiaries and associates, we are a key employer within the UAE. sustainable cities and communities with Aldar and Trojan leading our efforts in this space. We also take action to combat climate change for our climate capital platform, which comprises of multiple entities across different sectors and finally protect, restore and promote sustainable use of terrestrial ecosystems through initiatives including those by NMDC and Pure Health.

Thank you for your time, everyone. Abu Dhabi is continuing on a positive trajectory and we are well positioned for growth reflected in the results that we've announced today. We have positive tailwinds across the macro economy and the key sectors that our portfolio companies operate and this is extremely supportive of our strategy going forward. We are open to any questions that you know may have.

**Afaq Nathani, International Securities**

Thank you Derek and Fadi for a comprehensive review of the financials as well as the key strategic objectives. Participants, we're now opening the floor to questions. As a reminder, you may tap the raise hand button to ask a question. Once it is your turn, your mic will be enabled and your name will be announced. You will then be able to unmute locally and ask your question.

We have received some questions via e-mail, but we will give a moment here for the questions online to come in.

All right, while we wait for any questions online to come in, we can start with the ones we've received via e-mail. The first one reads, as of 2Q24, the group holds approximately AED34bn in cash. Could you please clarify how much of this pertains to the holding company?

**Fadi Sleiman, Alpha Dhabi**

While we don't disclose this on the overall allocation, that amount is around 20%.

**Afaq Nathani, International Securities**

Understood. Thank you. The other question is with regards to fair value gains, talks about AED1.3bn that's booked in the 2Q25. Could you clarify what this pertains to?

**Fadi Sleiman, Alpha Dhabi**

These are mainly in in Q2 changes in fair market value for our investment portfolio, mainly driven by Modon and another Alpha Wave funds and other parts of the portfolio. But I would say Modon drives the majority of it.

**Afaq Nathani, International Securities**

Understood. Participants, just a reminder, in case there are any questions, you can tap the raise hand button and we'll come back to you.

Meanwhile, we can go for another question we received via e-mail. This one is on the impairment charge. It says the group has booked an impairment charge of AED132mn in first half 25. Could you elaborate what this pertains to and if we should expect any further impairments going forward?

**Fadi Sleiman, Alpha Dhabi**

This impairment represents the provision of expected credit loss on trade receivables and this is evaluated on quarterly basis both on aging and quality of the receivables. The forward-looking recognition of ECL demonstrates that we are proactive approach to ensure accurate representation of the financial position and anticipate potential any future defaults. In general, that amount stays as basically a proactive conservative approach toward making sure that the ECLs are quite provisioned. But you can see from the write offs this is still quite conservative in terms of the provisioning versus the actual write offs.

**Afaq Nathani, International Securities**

Thank you, Fadi. The other question is on the dividend policy. It reads, are there any plans to declare a dividend policy for the holding company?

**Derek Nicholson, Alpha Dhabi**

So as you will be aware, last year we declared the first dividends which was AED2bn that was paid out in Q4 of last year. We do have internal guidelines which are currently not published. However, what I can say is that we do follow a disciplined allocation framework. Dividends are an important part of how we return value to our shareholders and within that we consider such factors as the earnings performance

of the portfolio, our cash flow as a group, what investment opportunities do we see and what do we believe are the overall market conditions at that particular time. We continuously evaluate this as part of our capital strategy, but we do recognise returning capital to our shareholders is important.

**Afaq Nathani, International Securities**

Thank you, Derek. Participants, just another reminder, in case there are any questions online, you can tap the raise hand button and we'll enable your mic. We'll take the other question we received via e-mail. I think Derek, you talked about this during the presentation, but I believe the investor wishes want a little bit more on that, so. This one reads. Is there a plan to list any of the group's private portfolio companies? If so, could you please provide clarity on any expected timeline or considerations?

**Derek Nicholson, Alpha Dhabi**

So ultimately the longer term strategy is to take all those private companies to grow them, scale them up and put them in a position for the Government's measures that we put in place to ultimately IPO them in the future. We have internal plans that we are working through. We haven't announced any timelines which would indicate there's nothing in the near term, but rest assured that we are working diligently with the portfolio companies to ensure that when we consider them to be ready to IPO that they will be capable of going on and flourishing on the stock market themselves. As an investor, you can see that there are seven companies within our portfolio that are already listed on ADX. During the time that Alpha Dhabi has been listed, there's another two companies within our portfolio including NMDC Energy and Pure Health. So we are in favour of the capital markets. We will endeavour to continue to grow our companies and IPO them at the time where we see it's right for them to IPO and obviously any of those decisions will be subject to what are the wider market conditions at the time and look in future calls or announcements we will come to the market and announce at the time when we want to IPO any of the portfolio.

**Afaq Nathani, International Securities**

Very clear. Participants, in case of any questions, you can tap the raise hand button. We have a final question we have received beforehand. This one talks about the M&A guidance. I think they're asking for clarification if the M&A target includes the the holding company or does it talk about on individual company level?

**Derek Nicholson, Alpha Dhabi**

So the guidance that we issued that reflects the targeted capital deployment at the holding company. We do recognise that a lot of our portfolio companies are also active in the M&A but that any capital deployment that they will do is separate to the the figures that we provided. So this year the target was to deploy AED6bn. As of the half year we've completed the AED2.7bn of that six. So we are on target. We have a pipeline that we continue to work from. But as with all M&A, our team recognize that you know concluding these, getting them over the line, closing, actually drawing down on the capital is subject to many variables that are not always within the control of our own team, but we're actively working through transactions. If we look ahead over the life cycle of the business plan, we're targeting to do another AED25 to 30 billion at the Alpha Dhabi holding level. The confidence that we have to be able to achieve this is the very low leverage position that Fadi highlighted earlier.

So we can continue to use the balance sheet of the group, attract the debt capital and been able to deploy that across the sectors that are part of our core business and support the future growth of that. So we're very confident in the pipeline that we see, the robust process and discipline that we have of screening those opportunities and will continue to be an active player in the M&A market going forward.

**Afaq Nathani, International Securities**

Thank you, Derek. Along the same lines, the other clarification was on the guidance for 2026 to 2029, again on M&A, this is cumulative AED25 to AED30 billion for all the years, right?

**Derek Nicholson, Alpha Dhabi**

Correct. That's over the lifetime. Obviously we have the flexibility in the balance sheet and the low leverage position means that we could bring some of that forward if we see opportunities that we think are going to be accretive and meet our investment criteria. So we're not announcing that that's the allocation in any particular year, but that's the plan based on the cash flow analysis, the business plans that we see that we're targeting to deliver over that time. Obviously if we can bring some of that forward that will accelerate the growth of the business but as long as it meets the

criteria that we have in terms of what with sectors that we want to allocate and then the key metrics that we screen all the opportunities against as well. One other area that I'd like to highlight is that you know we encourage our portfolio companies to also have their own active M&A pipeline where we see opportunities, we share it with our colleagues within the portfolio companies. We also see that they have conservative balance sheets that give them the opportunity to grow their balance sheet and do more M&A at the portfolio company level. And if you take those two parts combined at the Alpha Dhabi level, we will benefit from investing at the portfolio company as well as at the holding company.

**Afaq Nathani, International Securities**

Very clear. Participants, final reminder. In case of any questions, you can tap the raise hand button. We don't have any further questions via emails. We'll give a moment here in case there are any final questions online.

All right, Derek, we have no further question at this point. I hand over back to you in case of any closing remarks.

**Derek Nicholson, Alpha Dhabi**

No, I think we'd just like to thank everyone for participating, particularly with it being a Friday in the summer season. We look forward to updating you on future transactions as the Group does as M&A and obviously we look forward to you joining on future calls as we provide more transparency about the key activities and financial performance of the group.

**Afaq Nathani, International Securities**

Thank you. Thank you, Derek. Thank you, Fadi. And thanks to all the participants for joining in. A recording of the call will be available and you can get in touch for access. Have a nice day, everyone. You may now disconnect. Goodbye.

**Alpha Dhabi team**

Thank you everyone.