

# Alpha Dhabi 3Q25 results call - hosted by International Securities

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## **Faisal Irfan, Senior Research Analyst, International Securities**

Hello everyone. Welcome to Alpha Dhabi Holding 3Q25 and 9M25 results conference call hosted by International Securities. My name is Faisal Irfan, Senior Research Analyst at International Security and today I have the pleasure of introducing the Chief Strategy and Investor Relations Officer at Alpha Dhabi, Derek Nicholson. Along with him, we have the Group Chief Finance Officer, Fadi Sleiman. Alpha Dhabi team, thank you for joining the call today. Following the presentation on Alpha Dhabi's performance by their team, the floor will then be opened 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 are representing. I will now give the floor to Alpha Dhabi's team, Derek and Fadi. Please go ahead.

## **Derek Nicholson, Chief Strategy & Investor Relations Officer**

Good afternoon, everyone. Thank you for joining our Investor Relations call today. My name is Derek Nicholson and I'm the Chief Strategy and Investor Relations Officer at Alpha Dhabi. The call will provide an update on the financial performance of Alpha Dhabi as at the end of Q3 2025. To provide an overview of the financial position, I will now hand over to Fadi Sleiman, Group Chief Finance Officer.

## **Fadi Sleiman, Group Chief Finance Officer**

Thank you, Derek. Good afternoon, everyone. My name is Fadi Sleiman and I'm the Group Chief Finance Officer. Alpha Dhabi has delivered another quarter of record performance and year-on-year growth. Some key highlights in the charts which demonstrates the resilience of Alpha Dhabi's business model and strategy to drive growth across its portfolio are explained in more details in the presentation. But it includes the revenues have reached 54.9 billion, 24% increase year on year, Adjusted EBITDA of 12.8 billion, a 25% year on year growth, return on equity of 12.2%, a consolidated cash balance of

31.7 billion and net debt of 10.3 billion. The revenues have increased by 24% over a year over year to reach 54.9 billion and gross profit has increased by 33% year over year to 12.6 billion. Adjusted EBITDA which is the group preferred measure of profitability to provide comparisons on like for like basis increased by 25% to 12.8 billion. As of course you can notice that nine month period revenues is around above 85% of Year 2024. In addition, corporate tax, the top of tax in UAE has increased to 15% at the start of 2025, which is combined with lower non-recurring items makes nine months of 2025 achievement of 10.4 billion, a great achievement overall knowing that the profit before tax for September 2025 was actually higher than that of 2024.

Adjusted EBITDA have grown from 5.9 billion in 2021 to 13.6 billion in 2024. Also reference the movement in Adjusted EBITDA year on year is 2.7 billion to reach 12.8 billion for Q32025. A full reconciliation of this movement is provided in a later slide. Net profit showed robust growth historically, which is also included on recurring items. Net profit at the end of Q320/25 is 10.4 billion which is slightly below the 11.1 billion in 2024, driven by robust performance and growth across the portfolio. As I highlighted earlier, non-recurring items were 2.3 billion higher in two point 2024 and initially there was an increase in corporate tax at the start of 2025.

This slide provides a breakdown of the full movement in EBITDA year on year. We start with 13.96 billion EBITDA at the end of Q3 in 2024. We then exclude items for Q32024 results including gain on the recognition of 1.4 billion mostly related to Modon and gain increase on equity of 0.5 billion for pure health and other adjustments totalling 1.5 billion are also excluded. This created adjusted EBITDA of 10.2 billion at the end of Q32024. Then we added the increase in gross profit achieved across key segments totalling to 2.9 billion, resulting in adjusted EBITDA of 12.8 billion at the end of Q32025. This increase of 26% reflects the underlying growth and operations in our portfolio companies.

Finally, if we add back fair value gains to adjust the fair value gains under 1.4 billion and one-off gains of 0.5 billion, we arrive at an EBITDA of 14.7 billion at the end of Q32025. 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. Total assets have grown to over 200 billion, which is another landmark achievement and now stands at 205.6 billion driven by continued growth in the portfolio companies. Total

equity of the company has reached 100.8 billion which with owner's equity standing at 58.1 billion at the end of Q3 with the main change being the profit generated in the period. Despite increasing borrowings, the group has maintained a conservative net debt to cash position with net debt of 10.3 billion, reflecting the strong cash position of 31.7 billion. Return on equity based on the rolling 12 months net profit is 12.2%. Net debt to EBITDA at 0.6x is well within the target 3x net debt to EBITDA. Net debt to total equity is 10.2%. Both metrics highlight the considerable liquidity and capacity that the group has to deploy further capital to support growth.

All the visions achieved year-on-year growth in revenues, demonstrating the consistency to grow across the diverse group and no reliance on any single individual entity. The diversity also demonstrate that strategic investments are paying off. Profits have grown across the business segments with a marginal decline within the construction division, partly as a result of increase in corporate tax rates. Other areas are higher in performance. Services and other sectors include the de-recognition of Modon in 2024, which resulted in a higher profit in 2024.

#### **Derek Nicholson, Chief Strategy & Investor Relations Officer**

OK. Thank you, Fadi. In this slide, we continue to highlight the performance of the key companies in the portfolio, which includes NMDC Group, Aldar and Pure Health. It should also be noted that NMDC Group, Aldar and Trojan are subsidiaries. As Pure Health is classified as an associate and where we show the full results here for Pure Health, we don't recognize the revenue because I know we take a share of net profit. Trojan is also a private company. But we feel that it's a key contributor to group results. So we do want to highlight its performance. And just to reiterate, for pure health, we only include the 35% based on our equity share, which means that we recognize 525 million of profit in our results at the end of Q3.

One of the things that we want to highlight is the tailwinds that are here within the UAE economy that's really contributing to the growth across all of our portfolio, the strategic initiatives that have been implemented by the UAE government. Are supporting the continued growth of not only the UAE economy, but also Alpha Dhabi and its portfolio companies. They provide a great foundation for Abu Dhabi's portfolio companies to grow. Some key highlights include GDP in 2024 stood at almost 1.8 trillion dirhams.

GDP growth estimated to be 4.9% in 2025 and we also note that the IMF and its most recent estimate has increased its forecast for 2026 to be up to 6%. As is listed here on this slide, the UAE is now ranked 7th place in World Competitive Report and is in the top three and over 26 different categories. This is demonstrated in the macroeconomic trends where we can see the positive results demonstrated over a persistent period of time in the UAE. We've got the GDP growth being above that at the global level. The production in the oil sector and despite the oil prices showing some softening recently from its peak, still well above the break-even point for the UAE government. PMI index is well above the position of 50 which shows positive movement. In the economy, the percentage of non-oil GDP is at 75%, well above that of Saudi Arabia, for example. Real estate continues to be a strong growth sector within the economy mainly driven by the growth in population and you can also see that the tourism sector has reached back to his 12% contribution to overall GDP which was there pre COVID time and that's in despite of the fact that the GDP has grown overall.

Just to reiterate the depth and scale of Alpha Dhabi, 8 key verticals over 250 subsidiaries, 7 listing key subsidiaries as at the time of the results closure, but we acknowledge that this is decreased to six with a transaction announced on the 30th. Over 95,000 employees to date a presence across 45 different countries and this geographic diversity of the group is reflected in the 7.3 billion of revenue that we achieved from outside the UAE, which is equivalent to 13% of the total revenue. This was growth of 20% year on year. So 87% of our revenue is still coming within the UAE and is well-positioned to benefit from these tailwinds in the UAE economy. Following on from some recent feedback that we had following a previous call, we've updated this slide to highlight the different percentage shareholding that we have of each company. We indicate where a subsidiary is, what is an associate, what is an investment and where is a joint Venture and we hope that this provides some increased transparency across our portfolio and will help investors identify what the size of our portfolio is overall. You will also note that the actual shareholding that we have in Aldar is 31.6 Percent and not as what we stated in a recent media story that was published in the last week.

So we come on to our guidance and initiatives just to give you the current update. So we've previously given the overall position a target of 17 to 17.5 billion of Adjusted EBITDA for the year. As can be seen here where we've achieved 12.8 billion as at the

end of September. So we're on track to deliver that. We're adjusting EBITDA position of margin at 26% is above the target that we have in the which is in the low 20s. Capital deployment so far is 3.8 billion on track to continue to deliver, but dependent on closure of some of the transactions and the closure of those is not always within the control of our investment team, but you can see where it sits in terms of the capital deployment that we've had in previous years overall a return on equity 12.2% slightly below the IRR target that we have. This IRR target is what we have for new prospective investments.

As Fadi said earlier, our net debt to gives us that position at 0.6X is well below the 3X targets that we've got and further demonstrates the ability that we have to increase the leverage on our balance sheet and allow the company to grow and deliver on its strategy.

We want to address one of the recent transactions, albeit that happened after the 30<sup>th</sup> of September. On the 30<sup>th</sup> of October, we announced that we had exited our entire stake of 8.5% of Modon holding at a transaction valued at 5.3 billion. This is the largest divestment that the group has completed since its IPO in 2021 and is part of our strategic goal strategy, whereby recycling of capital and rebalancing the portfolio across key sectors will be an active part of Portfolio management. This transaction crystallized significant gains on the original investment and achieved an IRR of 32%, so well ahead of the 15% target that we've talked about in our guidance and it was a money on invested capital of 3.2X. The proceeds of enhanced Alpha Dhabi's already strong liquidity position and further support our future growth initiatives. But Alpha Dhabi does remain committed to the real estate sector and today is the largest shareholder in Aldar the leading UAE real estate developer and we continue to support their long term strategy and growth. As announced during the Q2 results, we identified that financial services, hospitality and the energy sector are priority sectors for capital allocation going forward as part of our strategy.

Thank you for your attention. Alpha Dhabi continues on a positive trajectory as demonstrated with her results. We have an extremely strong liquidity position and robust balance sheet and are well positioned for growth with positive tailwinds across the UAE economy supporting our strategy.

We are now open to any questions that you may have.

Open

**Faisal Irfan, Senior Research Analyst, International Securities**

Thank you, Derek and Fadi for a comprehensive review of the financials as well as the key strategic objectives. Participants, we are now opening floor to questions. As a reminder, you may tap the raise hand button and 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've received some questions via e-mail, but we will give a moment here for the questions online to come in. Our first question comes from the line of Aaron Armstrong. Your mic is enabled, and you can ask the question.

Your mic is enabled. Aaron, you can ask the question.

**Aaron Armstrong, Analyst Ashmore Group**

Hi, can you hear me ok?

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

Yes.

**Faisal Irfan**

Yeah, we can.

**Aaron Armstrong, Analyst Ashmore Group**

Hello, yes, hi, apologies. So thanks very much for the call and thanks very much for taking the question. My questions are around the repositioning of the portfolio specifically with sell down to not just Modon but also the story around Aldar this week. So if you could firstly clarify or for any clarification you can around the Aldar stake and how you see that changing in the near term, any comments you can give on the stories that were mentioned in the news that you referred to and also just in terms of your overall view on real estate and whether that links to your Aldar investment decisions, do you think that real estate in the region has had a very good run and it's time to take some profits or it's just you have a long term strategy more focused on energy, financial services and real estate is now playing a less significant role in your portfolio allocation.

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

Thank you for your question. We appreciate your interest in Aldar. We want to be clear. Alpha Dhabi does not comment on market speculation that appears in the media. Any strategic decisions whether related to transactions, partnerships or portfolio adjustments. We'll communicate these transparently as always and to the market upon completion. What we can reaffirm is that as Alpha Dhabi, we remain the largest shareholder in Aldar, the UAEs leading real estate developer. Our continued support for Aldar's long-term strategy and growth trajectory reflects our confidence in its fundamentals, its leadership, market position and also the real estate sector itself. Our relationship with Aldar is built on shared ambition, strategic alignment and we remain committed to creating long term value across the real estate sector and beyond. I think the position is as stated on this slide here in terms of the Modon transaction in itself. It was unlocking significant shareholder value. We achieved a significant IRR and return on our investment and as an investment holding company, we do need to recycle capital and when opportunities come to recycle sizable amounts of capital within our portfolio. We will look to do so. So we've demonstrated now with the Modon transaction, the biggest one we've achieved to date and also with the transaction that we closed earlier in the year with a divestment of 49% to ADQ on the construction sector was our ability to again achieve significant returns on investment and conclude material transaction and provide us with capital to grow the business. So, we will constantly look at the balance of portfolio, it will be dynamic. We will review it and based on the performance of the businesses in conjunction with the opportunities that we see going ahead.

**Aaron Armstrong, Analyst Ashmore Group**

That's great. Thank you. And so could you talk a little bit about the framework that you have for when is the right time for you to hold and when is the right time for you to look to recycle capital? And does that coincide with the view of where you think we are in the real estate cycle?

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

This is not related to the real estate cycle itself. We remain long term. Aldar is the largest position in our portfolio today. So I think for everyone on this call that should be a big endorsement of our view and long term view on the sector, we continue to

be long term holders with a sizable stake in Aldar. Looking at our portfolio overall, we will look at the returns that we're achieving the profitability. The business outlook for the different sectors as well as the other opportunities that we have to invest that capital. And so we'll constantly review the performance of the portfolio companies and how we want to balance that portfolio going forward. We've already identified and talked about on previous calls as well as our guidance. We see that today we are underway in energy, hospitality and financial services. These are already sectors within our portfolio and we want to deploy more capital which will give us some geographic diversification and more balanced within our portfolio overall.

**Aaron Armstrong, Analyst Ashmore Group**

That's great. Thank you. If I may just tag on one final question, please. Can you talk about your preferences in terms of market based transactions and kind of selling equity stakes that way versus more strategic and large stake sales?

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

In terms of would you mean the IPO or does the level of sale that we would execute?

**Aaron Armstrong, Analyst Ashmore Group**

For example, in some of the listed businesses where you have large stakes, Aldar obviously is one that we've mentioned. Do you prefer to recycle that capital by selling in the market or are you looking at more strategic investors and selling larger stakes to them?

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

I think this is something that we can review over time. I look our large portfolio holdings are obviously one area for us to recycle capital in the future. If they're in the public market, there's obviously there's liquidity there to sell down, but as we've demonstrated within our portfolio. We sold in the private sector with Trojan, which is a sizable transaction to a strategic investor, which we think is a great partner to grow that business going forward. We also exited a private transaction previously on OCI. And then another opportunity for us is IPO of private companies, which we demonstrated with Pure Health back in 2023. So I think the job of the Alpha Dhabi leadership team is to look at all the options and consider on balance Where there is

the right opportunity, the right timing, the right value, the right partner to execute on those transactions.

**Aaron Armstrong, Analyst Ashmore Group**

That's great. Thanks very much for sharing those insights and thanks for the callers and other questions from me.

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

Thank you.

**Faisal Irfan, Senior Research Analyst, International Securities**

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, are there any near-term plans to re-deploy the funds received from the sale of shares of Modon?

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

I think we have a very active pipeline of M&A. One thing we do not as an investment holding company, the timing of concluding one transaction and the ability to redeploy that there's not always a line. Rest assured, we have a significant pipeline. The sectors that we've identified as priorities for capital allocation, there are active opportunities that we're working through. Some of these transactions are potentially sizable and obviously the due diligence and investment review process can take some time.

To conclude them. So yes, we can see we have line of sight where we can deploy the capital from the existing sales that we've executed on and this forms part of our strategy and growth plan going forward.

**Faisal Irfan, Senior Research Analyst, International Securities**

OK. Thank you, Derek. I have a question that we received via e-mail, which reads currently Alpha Dhabi's revenue is nearly equally split between real estate and industrials. How should we expect the balance to change over the next five years? Would these sectors still be heavyweights in the portfolio?

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

I think you'll continue to see them being sizable within the portfolio, one because

they're material, they're already large companies. So, it would take a lot for us to balance out the portfolio with other investments. But I think it's also an endorsement that we have a long-term view on both those sectors within our portfolio. So they comprise of today Aldar and NMDC group which comprises NMDC Marine and NMDC Energy. So we see these as core parts of our portfolio. Part of the decision to exit from Modon was to allow us to rebalance out the portfolio. So yes, we would expect to see a different balance on the portfolio. But we don't have a specific target in terms of what that's going to look like in five years. All we know is that we're prioritizing capital allocation to three sectors as well as a couple of other opportunities that are also in our pipeline as well.

**Faisal Irfan, Senior Research Analyst, 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 will enable your mic.

Meanwhile, we'll take the other questions that we receive via e-mail. We've just got one question from the line of Seki Mutukwa. Your mic is enabled. Sikki, you can ask the question.

**Seki Mutukwa, Portfolio Manager Ashmore Group**

Hello, can you hear me?

**Faisal Irfan**

Yes, we can hear you. Go ahead.

**Seki Mutukwa, Portfolio Manager Ashmore Group**

OK, perfect. Sorry, no worries. Thanks. Thanks for the call. Just wondering your thoughts on distribution, particularly on the dividend side, next couple of years, I appreciate there's a decent pipeline from investment. I'm just wondering what you're thinking on the Capital return in that form maybe over this period and then similarly just in or link to that from a total sort of number of segments or sectors if you will an exposure, just your thoughts on sort of the either a consolidation Or even potential expansion further out of the existing ones you've already got please and what that might mean from your thoughts on how the market views the group in terms of relative to NAV market valuation. Thank you.

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

OK. I've answered the first part on the dividends. When I Alpha Dhabi was IPO, there was formally published that there was the focus was on growth and therefore there was no dividends distributed. However, the decision was taken by the board and approved by the shareholders to distribute dividends in 2024. So 2 billion was distributed last year, which was the first ever dividend from the group and that's part of us recognising that as we've been investing for those first years post IPO, it was time to recognise that the importance of capital returns to our shareholders and as part of that process and their business planning, we're looking at the cash flow, we're looking at the investment opportunities and recognising that returns to shareholders is going to be part of our business planning going forward. So we will continuously evaluate.

An approach based on financial performance, the market conditions, the strategic priorities and the cash position of the group overall, then ultimately any decision that's for the board to take in terms of recommendation for dividends going forward and then obviously for that to be approved by the shareholders, but we do recognise it as being an important part of our business strategy going forward and in terms of that cash flow and the investment and the impact on our investment strategy going forward, we haven't published any targeted percentage of our NAV that we look to deploy, but in our previous guidance which is available online, we have indicated that we are targeting to deploy between 25 and 30 billion over the next five years. We're also going through an updated refresh of our business plan and then we will get to see what our targeted capital deployment returns, cash flow position is looking like and then once that's been finalised, I think when we come out and give our 2025 full year results, we will be targeting to give an update in our guidance from 2026 onwards and as part of that we will talk about our capital deployment strategy.

**Seki Mutukwa, Portfolio Manager Ashmore Group**

Thanks, Derek.

**Faisal Irfan, Senior Research Analyst, International Securities**

Participants, just another reminder, in case there are any questions, you can tap the raise hand button and we'll enable your mic.

Meanwhile, we'll take the other questions that we received via e-mail. The next question reads, when should we expect the potential listing of Trojan?

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

Well, currently we are assessing the readiness of the of the company and we're aligning that with the long-term investment objective. We do have a disciplined approach to monetizing the strategy. To ensure that there is a successful publicly listing and maximum maximize the value both for the shareholders and the respective portfolio companies, we are we remain open to the IPO opportunities and we are assessing it on cases as we go along we probably we will issue guidance in due time when the actual action will be taken in place. Yeah. So when we don't have an actual date that we are committing ourselves to because I think there's many other factors that would be part of that. But Fadi and I are both sitting on the board of Trojan and we're actively looking at what's required for the company to IPO, for it to be successful, we are aware and see with interest that the construction sector is now becoming part of the IPO framework overall, which is pleasing to see. I think that it gives us a good insight and seeing how the market reacts to this sector in terms of IPOs. But I think for us and ADQ as long term shareholders, we will consider any IPO when we view it's the right time for the company and for us to monetize our investment.

**Faisal Irfan, Senior Research Analyst, International Securities**

Thank you, Derek. Another question which reads in terms of M& A, what are some of the key markets and sectors the company is considering?

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

We don't have any specific markets that we target. So, our strategy is not to go and plant flags or have a presence in the key markets. The one thing I will say is that the UAE has got very strong fundamentals. It's got GDP growth that is amongst the highest in the world prospectively. We are very strong in this market. We think we can create a lot of value in the UAE, especially within the sectors that we're in the real estate, Industry, hospitality, construction and even healthcare to add to that, we're very long on these sectors. They've delivered the growth that we've highlighted within our presentation here, but we see areas where we are potentially under way, which we're in today, which includes energy, hospitality and financial services.

**Faisal Irfan, Senior Research Analyst, International Securities**

Thank you, Derek. Very clear participants. Final reminder. In case you have any question, you can tap the raise hand button.

We do not have any further questions via e-mail. We'll give a moment here in case there are any final questions online.

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

**Derek Nicholson, Chief Strategy & Investor Relations Officer**

OK. Thank you everyone for joining the call and giving us the opportunity to give you an update on Alpha Dhabi to demonstrate the strong growth that we're seeing right across the portfolio to reiterate that we are a long-term strategic investor. We're long on the sectors that we're in. We are in a fortunate position. We have strong liquidity, a very robust balance sheet. We believe that we are well positioned for growth in 2026 and beyond the economy across the UAE is providing tailwinds which support our strategy and thank you very much for your time today.

**Faisal Irfan, Senior Research Analyst, International Securities** Thank you, Derek and thank you Fadi and thanks to all the participants for joining in the call. A recording of the call will be available, and you can get in touch for the access. Have a nice day everyone. You may now disconnect. Goodbye.