

Tabreed

1Q25 Review

Utilities

14 May 2025

BUY

AED 3.97
(upside 68%)

1Q25 attributable profit up 3% YoY (-20% QoQ) to AED115mn; in line with estimates

- Tabreed posted 1Q25 attributable profit of AED115mn, up 3% YoY (-20% QoQ), in line with our estimates.
- The YoY uptick in profits was led by higher overall connected capacity which increased to 1.33mn Refrigeration Tons (RT) from 1.31mn RT in 1Q24 as well as 7% lower financial charges following deleveraging. On QoQ basis, profit decline was mainly due to seasonal factors.
- The company continues to focus on capacity expansion and optimizing capital structure which will contribute to growth in FY25. We maintain Buy on Tabreed with FV of AED3.97/share.

1Q25 attributable profit up 3% YoY (-20% QoQ, in line with estimate) to AED115mn: the YoY uptick was led by increase in overall connected capacity to 1.33mn RT in 1Q25 from 1.31mn RT in 1Q24 as well as 7% lower net financial charges which came in at AED37mn, following deleveraging and lower interest rates. On QoQ basis, profits were lower by 20% due to lower revenues and gross profits and mainly owing to seasonally lower demand in 1Q versus 4Q. The result was in line with our estimates.

1Q25 Revenue flat YoY (-20% QoQ, in line with estimate) to AED466mn with the QoQ decline mainly owing to seasonally lower cooling demand in winter months. During the quarter, Tabreed added 4,599 RT of new customer connections with new capacity additions to pick up pace in the coming months. On YoY, revenue came in flat despite higher capacity as consumption volumes declined by 7%, due to colder weather than experienced in 1Q24.

1Q25 EBITDA up 4% YoY (-11% QoQ, in line with estimates) to AED283mn with EBITDA margins clocking in at 61% versus 58% in 1Q24 and 55% in 4Q24. EBITDA margins increase came on the back of lower proportion of consumption revenues which usually fetch lower margins.

Our view on Tabreed: Following a 29% price correction from start of the year, we believe the current levels are an attractive entry point and we maintain our Buy recommendation with FV of AED3.97/share. We expect Tabreed’s profits to outpace capacity growth as the company focuses on capital optimization as well as continues to hunt for growth avenues. In March 2025, Tabreed entered a 250,000 RT concession agreement in partnership with Dubai Holding, making it the biggest greenfield deal in the company’s history. Tabreed trades at FY25 P/E of 10.8x and offers dividend yield of 6.5%. The company

Tabreed: 1Q25 result summary

AED mn	1Q24	4Q24	1Q25	QoQ	YoY	1Q Est.	Vs. Est	2024	2025	YoY
Revenue	468	583	466	-20%	0%	471	-1%	2,434	2,599	7%
Gross profit	238	266	235	-12%	-1%	238	-1%	1,081	1,269	17%
GP margin	51%	46%	51%	5%	0%	51%	0%	44%	49%	4%
General and admin	(76)	(69)	(75)	9%	-2%	(72)	4%	(288)	(269)	-7%
Net finance cost	(39)	(40)	(37)	-9%	-7%	(39)	-5%	(174)	(213)	22%
Profit before tax	129	174	133	-24%	3%	134	-1%	662	734	11%
Tax	(10)	(20)	(11)	-45%	11%	(12)	-8%	(60)	(66)	10%
Shareholder’s profit	112	145	115	-20%	3%	115	0%	570	638	12%
EPS (AED)	0.039	0.051	0.040	-20%	3%	0.040	0%	0.200	0.224	12%
EBITDA	272	319	283	-11%	4%	274	3%	1,252	1,375	10%

Source: Company Data, IS Research.

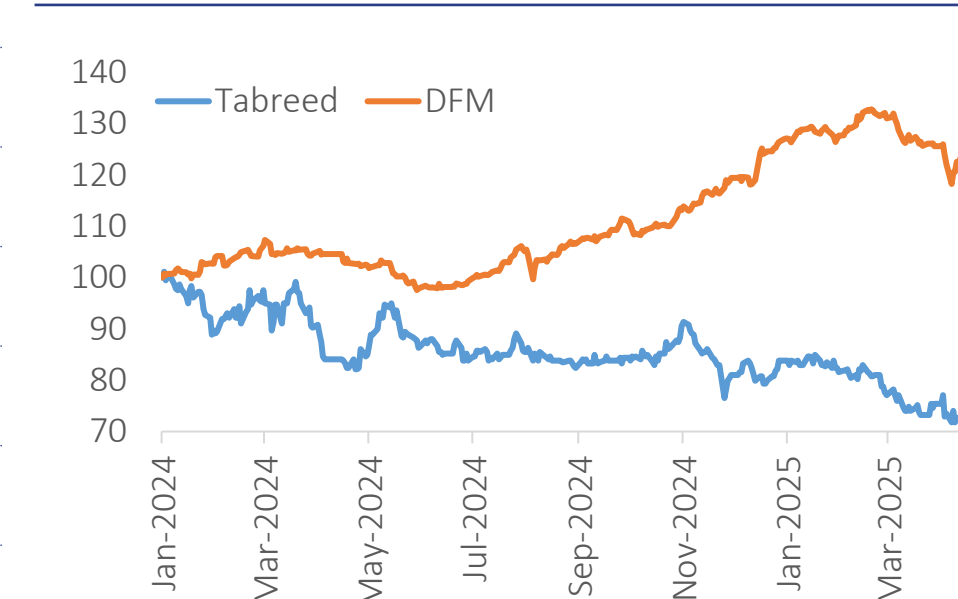
Ticker	TABREED UH
Market Cap (AED bln)	6.74
Stock Price (AED)	2.37
Fair Value (AED)	3.97
Upside (%)	67.51
52W High (AED)	3.44
52W Low (AED)	2.49
3M ADTV (AEDmn)	1.18

Tabreed financials

AED mn	2023	2024	2025e
Revenue	2,415	2,434	2,599
Shareholder’s Profit	431	570	638
EPS (AED)	0.21	0.20	0.22
EBITDA	1,198	1,252	1,375
DPS	0.155	0.155	0.155
Total Assets	15,451	14,814	14,264
Total Equity	7,154	6,943	7,945
Total Liabilities	8,297	7,870	6,319
EBITDA Margin (%)	49.6	51.4	52.9
P/E (x)	11.29	11.85	10.77
Div. Yield (%)	6.5	6.5	6.5

Source: Company Data, IS Research.

Tabreed vs DFM



Source: Refinitiv, IS Research, *both rebased to 100 as of 01-Jan-2024

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Recommendation History

Date	Recommendation	Target Price - AED
16 Oct 2023	HOLD	3.97
09 Aug 2024	BUY	3.97

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