Backlog Builds the Bull Case

Visible backlog, strategic client exposure and disciplined execution underpin medium-term growth

We initiate coverage on ALEC with a Buy rating and a fair value of AED 1.80/share. A sizeable backlog, high-quality government-related and tier-one clients, improving margins, low leverage and visible cash generation underpin our positive view, supported by a minimum 50% dividend payout policy.

ALEC HOLDINGS

بنك أبوظبي التجاري
ADCB

6 July 2026
Industrials

Executive summary

ALEC is a diversified engineering and construction company with a strong reputation in executing large, complex, and nationally important projects across the UAE and Saudi Arabia.

Backed by ICD: The company is majority owned by ICD, and benefits from a high-quality client base that includes government entities, GREs, and customers with high credit quality. Its focus on technically complex projects reduces direct competition, supports better pricing discipline, and improves execution visibility. This is reflected in its contracting model, with 52% of 2025 contracts awarded bilaterally and a selective tendering strategy focused on high-value landmark projects.

Strong post-listing performance: ALEC has delivered a strong post-listing performance, with 2025 revenue increasing 56% YoY to AED 12.6bn and EBITDA rising 76% YoY to AED 1.1bn, ahead of market expectations and IPO guidance. This solid financial delivery has supported share price performance. Since listing, ALEC's stock is up 5.0%, outperforming the DFM by 4.6 percentage points.

New awards reinforce backlog visibility: ALEC's investment case is further supported by strong backlog visibility and recent contract wins. The company has a pro forma backlog of AED 34.7bn, equivalent to 2.4x revenue coverage. This includes recent major awards, including Sphere Abu Dhabi, worth AED 6.2bn, and three EPC contracts, worth AED 1.8bn. These wins support near-term growth and reinforce ALEC's position as a preferred contractor for complex, government-backed and strategic projects. New contracts also demonstrate ALEC's ability to secure major work despite a challenging backdrop, while highlighting the resilience of the UAE construction market.

Asset-light model: ALEC also offers an attractive financial profile, supported by an asset-light model, disciplined working capital, improving margins, low leverage, and a minimum 50% dividend payout policy. This provides the company with flexibility to fund growth while returning cash to shareholders. Overall, ALEC combines strong execution, visible growth, attractive cash returns, and exposure to sustained regional construction activity, making it a compelling investment case for both capital appreciation and income-focused investors.

Initiate with a Buy rating: We initiate coverage of ALEC with a Buy rating and a fair value of AED 1.80 per share, implying 22% upside from the last traded price. Our fair value is based on a DCF valuation and cross-checked against dividend yield and relative valuation. All three approaches indicate implied values above the current market price, supporting an attractive investment case.

ALEC HOLDINGS (ALEC UH)

INITIATE AT BUY

Fair Value (AED)	Previous Fair Value (AED)
1.80	N/A
Current Price (AED)	**Upside/(Downside)**
1.47	+22%

as of 3 July 2026

Market Data

Market cap (AED m)	7,350
Market cap (USD m)	2,001
3M ADTV (AED m)	6.6
Free float	18.4%
BBG Ticker	ALEC UH

as of 3 July 2026

Financial summary

Income statement, AED m	2025A	2026E	2027E	2028E	2029E
Revenue	12,604	18,088	19,148	20,216	21,287
Revenue growth	55.6%	43.5%	5.9%	5.6%	5.3%
Gross profit	1,323	1,877	2,059	2,207	2,346
Gross margin	10.5%	10.4%	10.8%	10.9%	11.0%
EBIT	859	1,291	1,472	1,607	1,727
Depreciation and amortisation	266	285	328	379	420
EBITDA	1,106	1,576	1,800	1,986	2,147
EBITDA margin	8.8%	8.7%	9.4%	9.8%	10.1%
Net profit	687	1,045	1,206	1,313	1,418
Net margin	5.5%	5.8%	6.3%	6.5%	6.7%
EPS, AED	0.14	0.21	0.24	0.26	0.28
DPS, AED	0.05	0.10	0.12	0.13	0.14

Source: Company filings, ADCB estimates

Shadab Ashfaq | Equity Analyst
+97128139395 | shadab.ashfaq@adcb.com

Govinder Kumar | Equity Analyst
+97128139408 | govinder.kumar@adcb.com

Syed Faizi | Corporate Access
+97128126468 | syed.faizi@adcb.com

ADCB Equity Research | research@adcb.com
adcb.com/equityresearch

Valuation summary

We initiate with a Buy rating and a base-case fair value of AED 1.80/share, implying 22% upside from the current price. The valuation is anchored on a DCF and cross-checked against dividend yield and a through-the-cycle EV/EBITDA multiple approach. The DCF uses a normalized terminal value, which reduces the risk of embedding unusually high near-term growth into perpetuity.

Valuation summary

Current price	Fair value	Upside	WACC	Terminal growth
AED 1.47	AED 1.80	22%	8.9%	2.0%

Valuation triangulation

Method	Key assumptions	Fair value (AED/share)	Investment read-through
DCF	8.9% WACC; 2.0% terminal growth; normalised terminal FCF	AED 1.80/share	Base case; conservative terminal value avoids embedding elevated growth into perpetuity
Dividend yield	2026E dividend target of 10 Fils; UAE peer average yield of 4.5%	AED 2.22/share	Strong yield support versus UAE names with visible dividend policies
EV/EBITDA multiple	6.1x multiple, one standard deviation below long-term sector average	AED 1.96/share	Through-the-cycle approach adjusts for elevated industry multiples
Sensitivity	WACC range of 8.0-10.0%; terminal growth range of 1.0-3.0%	AED 1.52–2.23/share	Valuation remains sensitive to rates and long-term construction activity

Source: Company presentation

ALEC offers a solid investment case, with meaningful upside supported by our DCF valuation and cross-checked through dividend yield and relative valuation. Our DCF fair value exceeds the current share price, while the dividend yield and EV/EBITDA approaches also point to higher implied values. This suggests that, as per our valuation approach, ALEC is trading at a discount to its fair value.

ALEC, with its strong backlog visibility, exposure to large government and tier 1 client projects, improving margins, and attractive cash return profile, offers a compelling mix of potential share price appreciation and dividend income, making it relevant for both capital appreciation and income-focused investors.

Key investment risks

- Regional geopolitical uncertainty
- Regional macroeconomic exposure to oil price volatility
- Delayed payments and working capital strain
- Resource scarcity, including skilled labour
- Regulatory and approval delays
- Execution risk

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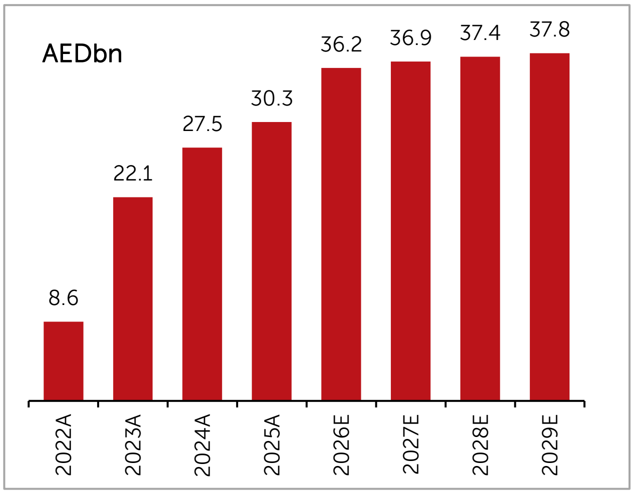
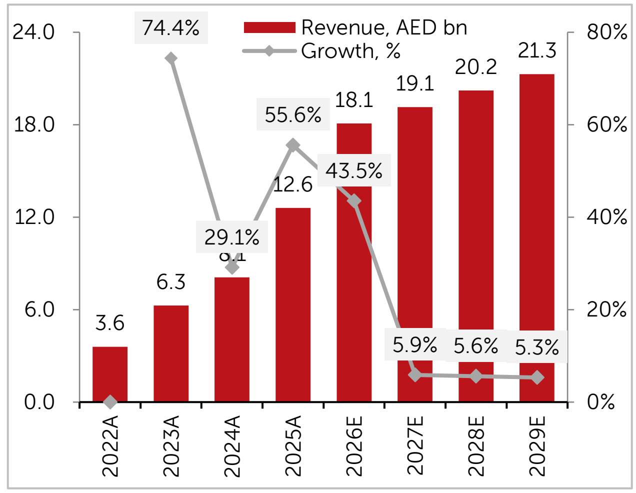
ALEC in charts

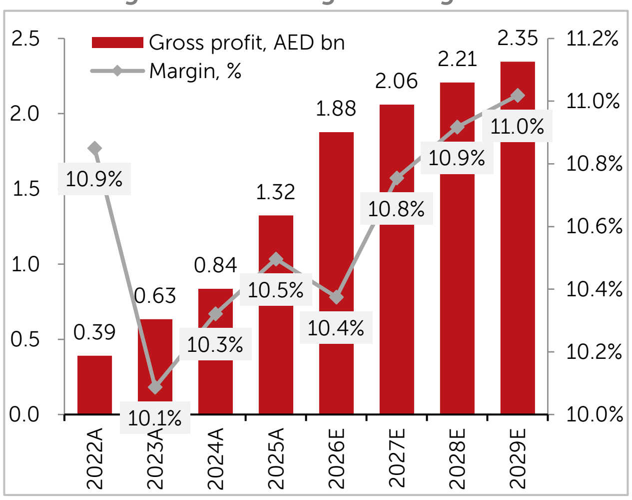
Robust backlog



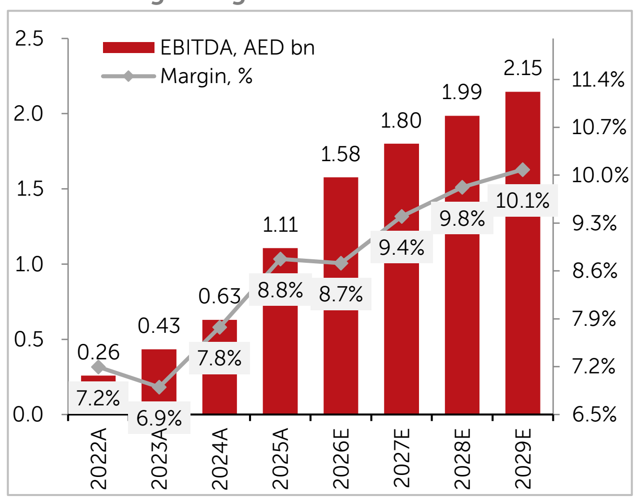
Substantial top-line growth



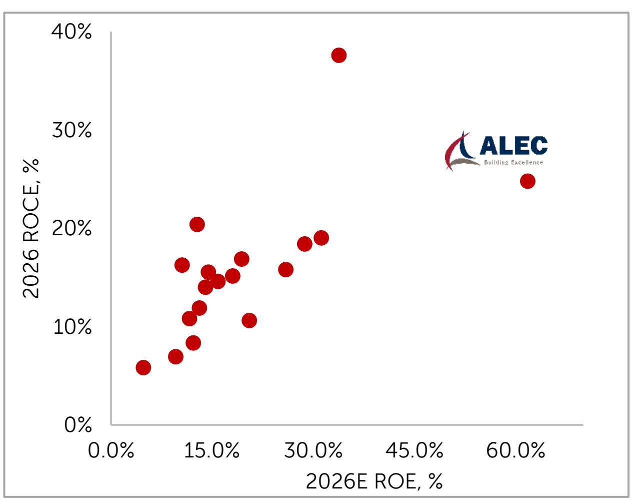
Gross margin: Focus on higher-margin business



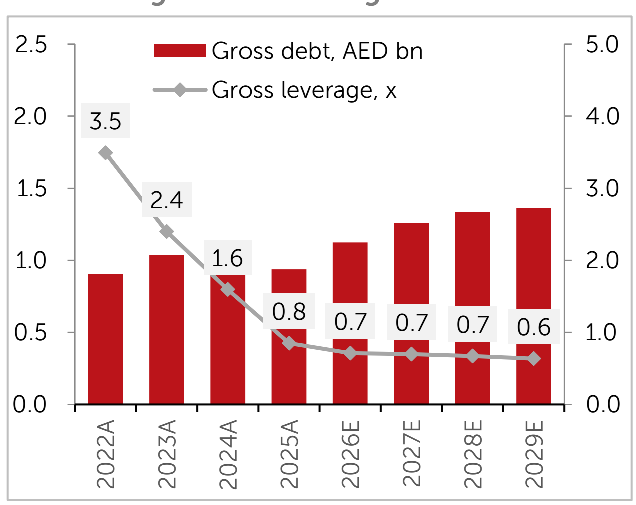
EBITDA margin: Higher on economies of scale



Return profile ahead of peers



Low leverage from asset-light business



Source: Company presentation, ADCB; gross, EBITDA and net margin are based on reported numbers

6 July 2026
Industrials

ALEC Holdings — Financial statements and ratios

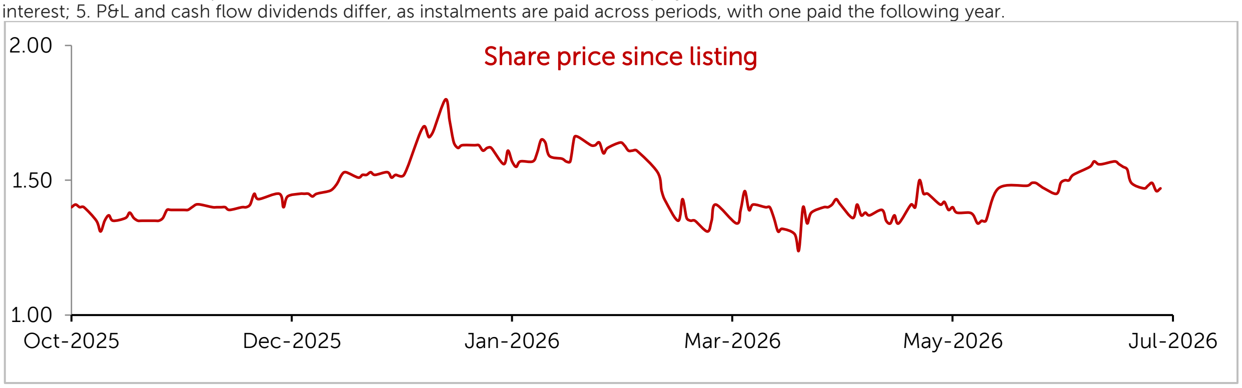
Year	2025A	2026E	2027E	2028E
Profit & loss summary (AED m)				
Revenue	12,604	18,088	19,148	20,216
EBITDA	1,106	1,576	1,800	1,986
D&A	266	285	328	379
EBIT	859	1,291	1,472	1,607
Net interest	46	47	39	47
PBT	790	1,229	1,418	1,545
Net profit	687	1,045	1,206	1,313
Adjusted net profit	687	1,045	1,206	1,313
Balance sheet summary (AED m)				
Tangible assets/PPE	1,268	1,724	2,049	2,320
Non-current assets	1,860	2,528	2,902	3,220
Cash	1,575	2,782	2,788	3,416
Current assets	8,761	12,588	13,257	14,359
Total assets	10,622	15,117	16,158	17,579
Current liabilities	6,837	10,046	10,419	11,061
Total debt	937	1,123	1,258	1,336
Net debt/(cash)	(637)	(1,658)	(1,530)	(2,080)
Total liabilities	9,228	13,128	13,505	14,237
Shareholders' equity	1,394	1,989	2,654	3,342
Cash flow summary (AED m)				
Cash from operations	1,359	2,262	1,104	1,870
Capex	393	472	403	424
Free cash flow[1]	966	1,790	701	1,445
Cash from investment	(377)	(449)	(361)	(383)
Dividends[5]	265	450	541	624

Year	2025A	2026E	2027E	2028E
Growth				
Revenue	55.6%	43.5%	5.9%	5.6%
EBITDA	75.6%	42.5%	14.2%	10.3%
EBIT	76.2%	50.2%	14.0%	9.2%
Net profit	89.3%	52.1%	15.4%	8.9%
Adjusted net profit	89.3%	52.1%	15.4%	8.9%
Margin				
EBITDA	8.8%	8.7%	9.4%	9.8%
EBIT	6.8%	7.1%	7.7%	7.9%
Net profit	5.5%	5.8%	6.3%	6.5%
Adjusted net profit	5.5%	5.8%	6.3%	6.5%
Return metrics				
ROIC[2]	34.6%	40.3%	35.6%	31.8%
ROCE[3]	24.1%	24.8%	23.1%	22.3%
ROE	56.6%	61.8%	51.9%	43.8%
ROA	7.5%	8.1%	7.7%	7.8%
Leverage ratio				
Net debt/EBITDA	(0.6)	(1.1)	(0.9)	(1.0)
Interest coverage ratio[4]	23.8	33.9	46.7	41.9
Per share data				
EPS, USD	0.04	0.06	0.07	0.07
EPS, AED	0.14	0.21	0.24	0.26
DPS, USD	0.01	0.03	0.03	0.04
DPS, AED	0.05	0.10	0.12	0.13
Book value, AED	0.28	0.40	0.53	0.67

Year	2025A	2026E	2027E	2028E
Valuation ratio				
EV/Sales	0.6	0.4	0.4	0.4
EV/EBITDA	6.5	4.6	4.0	3.6
P/E	10.7	7.0	6.1	5.6
P/B	5.3	3.7	2.8	2.2
FCF yield	13.1%	24.3%	9.5%	19.7%
Dividend Yield	3.4%	6.8%	8.2%	8.9%

Market data	
Company name	ALEC HOLDINGS
Bloomberg ticker	ALEC UH
Share price (AED)	1.47
Fair value (AED)	1.80
Upside/(Downside)	+22%
Rating	Buy
Market value (USD m)	2,001

Source: Company data, ADCB estimates
Note: 1. FCF = CFO – capex; 2. ROIC: EBIT (1 – tax)/ (debt + shareholders equity); 3. EBIT (1-tax)/ (total assets – current liabilities); 4. EBITDA/Net interest; 5. P&L and cash flow dividends differ, as instalments are paid across periods, with one paid the following year.



Source: Bloomberg

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Contractor of choice

ALEC is a diversified engineering and construction (E&C) company known for delivering large-scale, complex, and nationally significant flagship developments in the UAE and Saudi Arabia. Its strategic focus on niche, high-profile projects limits competition due to the technical complexity and iconic nature of its work. The company is headquartered in the UAE, employs over 57,600 people, and is majority-owned by the ICD.

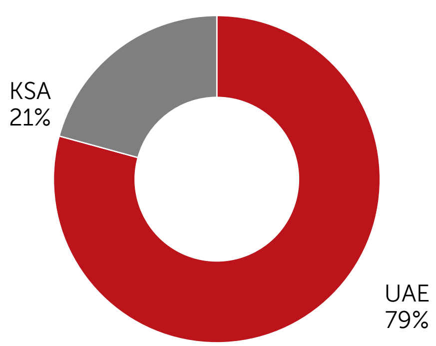
The company has broad experience in delivering challenging developments across sectors, including airports, retail, hospitality, resorts, themed destinations, and complex high-rise buildings. ALEC operates a fully integrated project development model, supported by its core construction business and nine related business units. This integrated structure enables the company to deliver innovative, time-sensitive projects while meeting elevated quality standards.

In 2022, ALEC expanded into the energy sector through the acquisition of Target Engineering, a leading marine and energy contractor with expertise in both onshore and offshore operations.

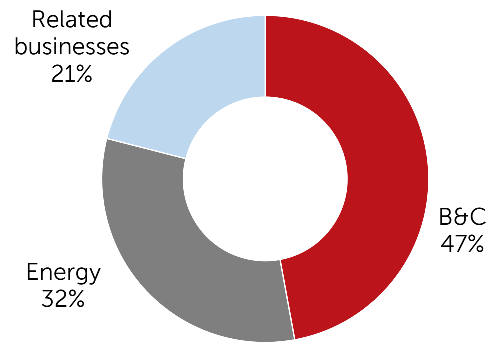
ALEC reported revenue of AED 12.6bn, up 56% YoY, for 2025 with the UAE contributing 79% of 2025 revenue and Saudi Arabia accounting for the remaining 21%. As of March 2026, the company reported an order backlog of AED 26.7bn, equivalent to a coverage ratio of 1.8x.

Recent project awards should further strengthen the backlog. Abu Dhabi's Department of Culture and Tourism awarded ALEC a USD 1.7bn, or approximately AED 6.2bn, contract for Sphere Abu Dhabi, the first Sphere venue outside the United States. In addition, ALEC's subsidiary, Target Engineering, received three new projects with a combined value of over USD 500m, or around AED 1.8bn. Together, these awards should support backlog growth and improve revenue visibility for ALEC.

Geographic mix (2025A)



Business mix (2025A)



Source: Company presentation. B&C: Building and infrastructure construction services; Note: Business mix breakdown is based on aggregate revenue, including inter-segment revenue.

Majority-owned by ICD

Al Jaber Group sold ALEC to ICD in 2017 as part of its broader business restructuring. Notably, ALEC was not in financial distress at the time of the transaction. The acquisition was a strategic move by ICD to retain a reliable construction platform that consistently serves Government Related Entities (GREs) and blue-chip clients in the local market.

ALEC remained wholly owned by ICD until October 2025. Following its IPO, ICD retained 81.6% ownership, while the remaining 18.4% is held by public shareholders. ICD is ultimately owned by the Government of Dubai.

ICD is the principal investment arm of the Government of Dubai. Established in 2006, ICD manages a global portfolio across sectors that support Dubai's expanding economy. Its mandate includes managing the government's commercial assets to generate long- term value for the Emirate. Its portfolio includes well-known companies such as Emirates, dnata, flydubai, Emirates NBD, and Emirates National Oil Company.

Iconic landmarks

ALEC has consistently demonstrated its ability to deliver large-scale projects across complex end markets, underpinned by advanced technical and execution capabilities. Its proven record of successfully completing large and complex developments across sectors has positioned the company as a trusted partner in the industry. The company has delivered projects across a range of sectors, including theme parks, hotels, airports, and retail developments.

Table 1: ALEC's key projects

Business	Description
Leisure & themed	• Qiddiya Water Theme Park, near Riyadh • Sea World Abu Dhabi • Yas Waterworld • Yas Links Clubhouse
Hotel & resorts	• Wynn Resort, RAK • Bvlgari Resort Hotel and Marina Village • Waldorf Astoria, DIFC • Jabal Al Akhdar Anantara Hotel Resort & Spa, Oman • Sofitel Dubai Downtown • Qasr Al Sarab Resort by Anantara • Shangri-La Qaryat Al Beri • Kempinski Hotel – Mall of the Emirates • Holiday Inn – Dubai Festival City
Museums & Exhibitions	• teamLab Phenomena Abu Dhabi • Natural History Museum • Dubai Expo 2020 (Total 27 projects), including – UAE Pavilion, KSA Pavilion, Vision Pavilion, Mobility Pavilion • Wahat al Karama
Retail	• Dubai Hills Mall, including Indoor Storm Coaster • Bluewaters Wharf Retail • Mirdif City Centre • Doha Festival City, Dubai Festival City Expansion • Madinat Jumeirah – Retail • Dubai Marina Mall • Hamad International Airport – Retail Duty Free Fit Out
Airports	• Dubai International Airport – Concourse D, Terminal 1 Forecourt & Office Refurb, Cargo Mega Terminal Upgrade & Extension, Modular Data Centre Complex • Abu Dhabi International Airport – Terminal 1 Passenger Segregation, US Customs and Border Facilities, Terminal 1a and 2 • Hamad International Airport – Retail & Duty Free Fit Out
Commercial	• One Za'abeel • ADNOC Corporate Headquarters • Marina Plaza • Deira Waterfront Development Phase 1 • Media One Tower • Oasis Hospital – Al Ain • Stargate Data Centres
Oil & Gas	• EPC: Umm Lulu Accelerated Growth Project • EPC: Boat Landing Replacement Project at Upper Zakum • EPC: Oily Water Treatment Plant Upgrade at Zirku Island • EPC: Sahil Phase 3 Development • EPC: Switchgear replacement at Zirku
Residential	• Jumeirah Living at Marina Gate, The Residences at Marina Gate • Al Falah Community Development • One Za'abeel Tower B – One & Only branded residences

Source: Company website

Figure 1: A selection of ALEC's key projects

Dubai International Airport – Concourse A
Value: AED 4.9bn
Client: Dubai Aviation Engineering Projects

Dubai Hills Mall
Value: AED 2.9bn
Client: Emaar

One Za'abeel
Value: AED 5.2bn
Client: Ithra Dubai

Aquarabia Waterpark
Value: AED 2.5bn
Client: Qiddiya

UAE Pavilion Expo 2020
Value: AED 0.4bn
Client: Ministry of Presidential Affairs

Marina Gate Residences
Value: AED 1.6bn
Client: Select Group

Source: Company presentation

Blue-chip clients

ALEC strategically targets high-margin, technically complex projects that typically involve blue-chip clients, where competitive intensity is limited, and pricing power is more favourable. Its client base includes entities with a proven record in delivering complex developments, including government clients engaged in projects of national importance.

We believe that by working with high-quality counterparties, ALEC benefits from lower credit risk, predictable project execution, and a more efficient cash conversion cycle, supported by timely payments and disciplined project management. In addition, blue-chip clients typically have long-term development pipelines, which often lead to repeated engagements. This enables ALEC to maintain a steady flow of projects. These clients also bring credibility and reputational capital, further strengthening ALEC's position in the engineering and construction industry and supporting future business opportunities.

Figure 2: ALEC's blue-chip clients

Source: Company presentation

Established project delivery capability

ALEC offers a comprehensive suite of integrated services. Its core construction operations are strategically supported by supplementary businesses, including fitout and refurbishment, mechanical and electrical works, data centre delivery, and other innovative construction solutions. Managing end-to-end project activities provides higher visibility and greater control over project costs, quality, and the supply chain.

This integrated model allows the company to act as a single point of engagement for clients, strengthening client retention and reinforcing ALEC's competitive advantage in the bidding process. On average, ALEC delivers four distinct service lines across its top ten projects, highlighting the depth of its vertical integration and its capability to execute complex developments with precision, efficiency, and consistency.

Table 2: Integrated services provided in selected ALEC flagship projects

Company	Services description	ONE ZA'ABEEL	SeaWorld Abu Dhabi	The Residences at Marina Gate I
ALEC Building Excellence / TARGET	Engineering and construction	✓	✓	✓
ALEMCO	Mechanical, electrical and plumbing	✓	✓	✓
ALEC FITOUT	Fitout and refurbishments	✓	✓	✓
ALEC TECHNOLOGIES	Fully integrated ELV Systems, ICT and security			✓
ALEC ENERGY	Solar power		✓	
AJI RENTALS	Access platform rentals	✓	✓	

Source: Company presentation

ALEC offers services broadly in line with other leading construction firms in the region, providing a full suite of core construction, mechanical and electrical works, and interior fitout solutions. Most peers also offer solar panel installation. However, ALEC differentiates itself through the type and scale of projects it pursues. Rather than participating in the highly price-competitive residential segment, which remains a focus for many other contractors, ALEC strategically targets complex high-value developments. These include luxury residences, landmark national projects, and large-scale undertakings valued at or above AED 1bn.

A review of the company's latest completed projects reveals a diverse portfolio spanning museums, leisure destinations, airports, and one major commercial and mixed-use development. ALEC has generally avoided infrastructure sectors, citing heightened competition from large regional and international contractors. Instead, it prioritises technically complex infrastructure builds, such as data centres and airports. Within the fitout segment, the company maintains focus on premium-grade finishes, as demonstrated by its execution of One Za'abeel development and the ongoing Wynn project in Ras Al Khaimah.

ALEC's emphasis on high-end, specialised projects with limited competition supports stable margins and contributes to financial resilience. By steering clear of congested, low-return sectors, the company allocates its resources more effectively and reinforces long-term value creation for shareholders.

Table 3: Market position of regional players

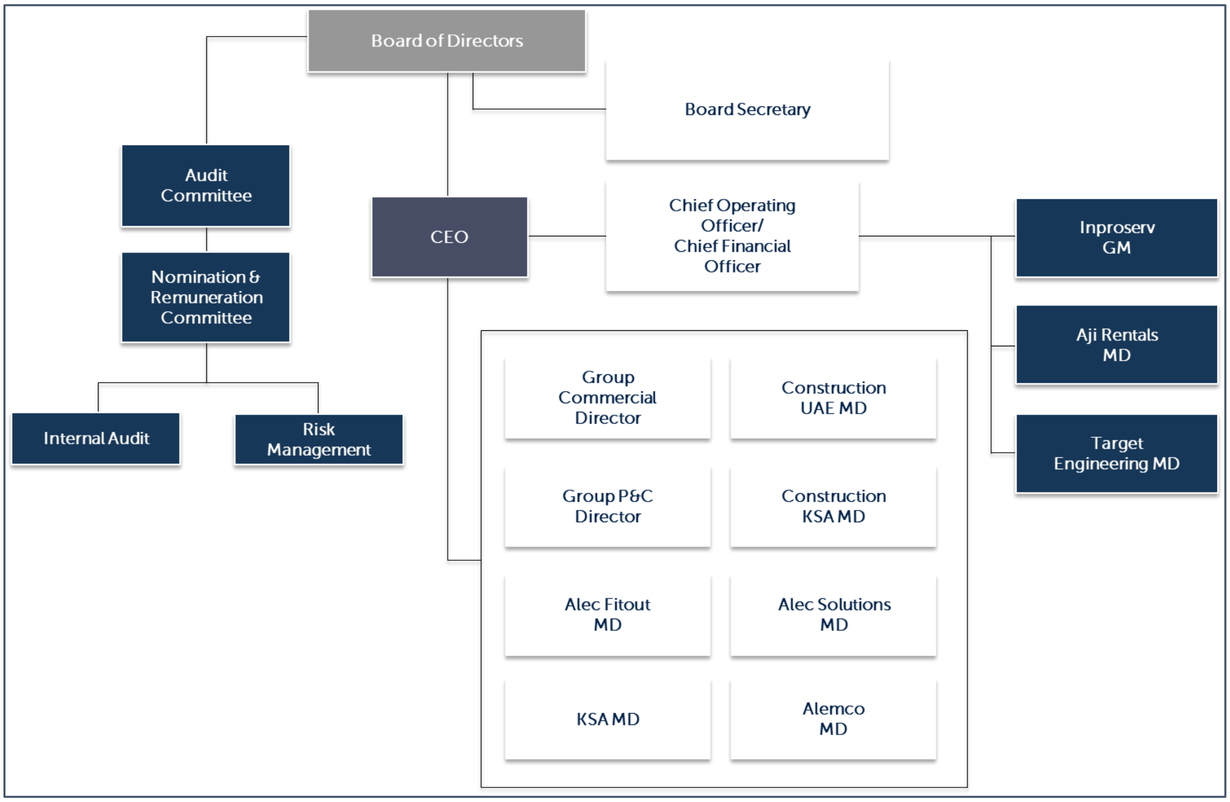
Company	Company HQ	Services offered: Cons.	MEP	Fit-out	Solar	Last 10 projects completed by industry*	Sector focus: Building non-res	Airports	Energy	MEP	Luxury building	Res. building	Infra
ALEC Building Excellence	UAE	✓	✓	✓	✓	3 Museum; 3 Leisure; 2 Airport; 1 Commercial; 1 Mixed-use	●	●	●	●	●	○	○
CSCEC	China	✓	✓	✓	✓	4 Hospitality; 3 Residential; 1 University; 1 Infra; 1 Mixed-use	◑	◔	◔	◑	◔	●	◕
مجموعة بن لادن السعودية SAUDI BINLADIN GROUP	Saudi Arabia	✓	✓	✓	✕	3 Infra; 3 Mixed-use; 2 Commercial; 1 University; 1 Residential	●	◕	◑	◕	◔	●	●
TROJAN CONSTRUCTION GROUP	UAE	✓	✓	✓	✕	6 Residential; 2 Infra; 1 Healthcare; 1 Leisure	◑	◔	◔	◑	◔	●	◑
innovo	UK	✓	✓	✓	✓	7 Residential; 2 Infra; 1 Airport	◔	◑	○	◔	◔	●	◑
ACC ARABIAN CONSTRUCTION CO.	UAE	✓	✓	✓	✓	5 Residential; 3 Commercial; 1 Hospitality; 1 Healthcare	◑	◔	◔	◑	◔	●	◑
نسما nesma & Partners	Saudi Arabia	✓	✓	✓	✓	5 Infra; 2 Energy; 1 Leisure; 1 Mixed-use; 1 Commercial	◑	◑	◕	◑	◔	◑	●
ORASCOM CONSTRUCTION	Egypt	✓	✓	✓	✓	4 Infra; 2 Leisure; 1 Airport; 1 Seaport; 1 Museum; 1 Residential	◑	◔	◕	◑	○	◔	●

Source: Company presentation, news report and filings, circles represent level of focus in sector; *As of July 2025

People at the core of ALEC

ALEC's structure reflects a clear governance and operating model, with the Board of Directors overseeing an experienced management team. The CEO provides central executive leadership, supported by key finance, commercial, construction, risk, audit, and business unit heads. This structure creates defined accountability across the organisation, while also supporting operational discipline, continuity, and long-term strategic decision-making.

Figure 3: ALEC organisation structure



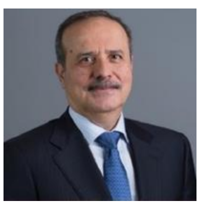
Source: Company filings

Veteran management team

ALEC is led by a team of senior executives: Barry Lewis serves as Chief Executive Officer, and John Deeb as Chief Financial Officer. Each has more than 30 years of experience. The executive leadership is complemented by the heads of ALEC's individual business units, who play a key role in managing operations and supporting continued growth.

Most of ALEC's senior leaders have worked together for more than fifteen years, which suggests management continuity and institutional knowledge. Several have spent most, if not all, of their careers within the same organisation. We believe this kind of experience leads to decisions rooted in deep institutional knowledge and a long-term vision for the company. For investors, this should translate into consistency, stability, and continuity in the management of core operations.

Table 4: ALEC key management

	Summary	Description
	**Barry Lewis** **Chief Executive Officer** 30+ years of experience 20+ years in ALEC CEO since 2023	Joined the group in 2002 as Contracts Manager; quickly rose to Managing Director, overseeing all construction operations. Instrumental in expanding the construction capabilities of the group. Led iconic projects including Mina Al Salam, Dubai Airport Concourses A & D, Bluewaters, Bvlgari Hotel, One Za'abeel, and Seaworld Abu Dhabi. Key contributor to business growth, including new ventures and the successful integration of Target into the group.
	**John Deeb** **Chief Financial Officer** 30+ years of experience 10+ years in ALEC Joined ALEC as CFO in 2011	Overseeing finance, legal, risk, tax, and capital control functions. Experience in finance, accounting, and construction across listed and multinational companies. Held senior roles at Murray & Roberts, Advtech Limited, and Sanyati Holdings before joining ALEC. Qualified Chartered Accountant (South Africa) with a B. Com (Hons) and executive education from Harvard Business School.
	**Kobus Dreyer** **Group Commercial Director** 30+ years of experience 20+ years in ALEC Joined ALEC in 2003	His career began at Grinaker-LTA in 1998. Played a key role in ALEC's growth by delivering complex, large-scale construction projects. Holds a degree in Quantity Surveying from Cape Peninsula University of Technology.
	**Chaouci Yassine** **CEO, Target Engineering** 40+ years of experience 20+ years in ALEC/Target Target CEO since 2014	Deep expertise across multiple engineering disciplines, including mechanical, oil and gas, power, instrumentation and controls, marine and civil infrastructure, and buildings in both offshore and onshore fields. Has worked extensively on oil & gas and high-rise building projects. Began career at SAE International – EIFFAGE Group, progressing from Site Engineer to Project Manager over 17 years. Holds a master's degree in civil engineering from ESTP Paris.
	**Sean McQue** **Managing Director Construction** 25+ years of experience 15+ years in ALEC Joined ALEC in 2008	Played a pivotal role in delivering some of the Group's and the region's most significant and technically complex projects. Deep expertise across multiple geographies. His leadership and project delivery capabilities have been instrumental in shaping the Group's reputation for excellence in construction across diverse sectors. Holds a degree in Construction Management

Source: Company filings

Governance framework

ALEC maintains a robust governance structure, anchored by an experienced and accomplished board of directors. The board comprises seven directors, six of whom serve as nonexecutive members. Of these, four are independent, and two are women. The company has both a Nomination and Remuneration Committee and an Audit Committee, each in accordance with regulatory requirements. Collectively, we believe this diverse and seasoned board brings deep industry expertise to its role in guiding the company's management and safeguarding long-term value for investors.

Table 5: ALEC board of directors

	Nationality	Position/ Committee	Years of experience	Non-executive	Independent
 HE Hussain Nasser Lootah	UAE	Chairman	55	✓	✓
 Kamillia Almarashi	UAE	Member: Audit Committee and Nomination and Remuneration Committee	20	✓	✗
 Kieron Taylor	South Africa	Founder, Vice Chairman	38	✓	✗
 Barry Lewis	UK	CEO	38	✗	✗
 Farah Foustok	UK	Chairperson, Audit Committee; Member: Nomination and Remuneration Committee	30	✓	✓
 Nabil Alkindi	UAE	Chairperson, Nomination and Remuneration Committee	20	✓	✓
 Moustafa Fahour	Australia	Audit Committee	23	✓	✓

Source: Company filings

Attracting talent, leading the industry

ALEC employs approximately 57,600 (as of Dec 2025) individuals across the UAE and the Kingdom of Saudi Arabia (KSA) to support its daily operations, including a skilled labour force of around 45,800 workers engaged in construction and related activities. The group reported strong year-on-year growth in its workforce, with total employees increasing by 37% and labour by 39% in 2025. This expansion is consistent with the pace of revenue growth and reflects rising project activity across its core markets.

The company recruits labour primarily from South Asia through targeted campaigns conducted in partnership with regional recruitment agencies. To ensure workforce readiness, ALEC implements a structured three-stage induction process that includes:

- Out-of-country orientation
- In-country familiarisation upon arrival
- Pre-project mobilisation

The company places strong emphasis on the professional growth of its workforce, offering leadership development programmes designed to support internal promotion. In 2025, around 20,200 employees were trained through structured programmes. These initiatives primarily focus on upskilling unskilled labour, enabling them to transition into qualified tradesmen.

ALEC also develops talent through tailored programmes like:

- Evolve – for new leaders
- Drive – for middle management
- Mustaqbal – a year-long initiative that supports the advancement of Emirati and Saudi nationals

To retain senior leadership, the company introduced a long-term incentive plan (LTIP) in 2025. This commitment to upskilling and the LTIP to retain management and leadership personnel also drives cost efficiency by reducing turnover and limiting the need for frequent rehiring.

ALEC maintains a strong and stable workforce, with an average retention rate of 89%[1] over the last ten years. Timely salary payments, multilingual staff support, and continued investment in training have resulted in a low attrition rate. This provides ALEC with a dependable employee base, reducing the cost of regular recruitment and training while supporting consistent performance across projects.

Chart 1: Active employee split

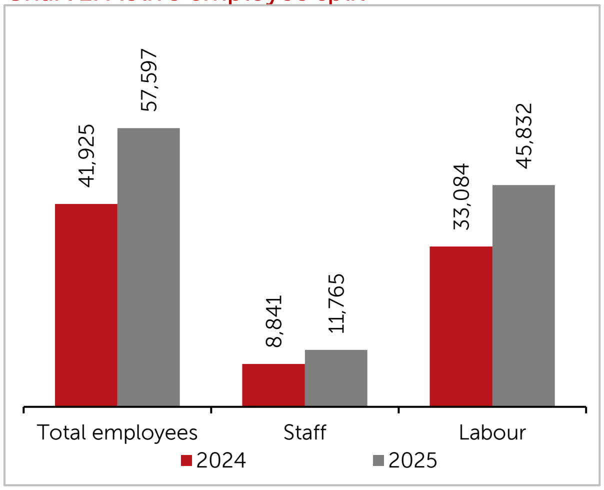
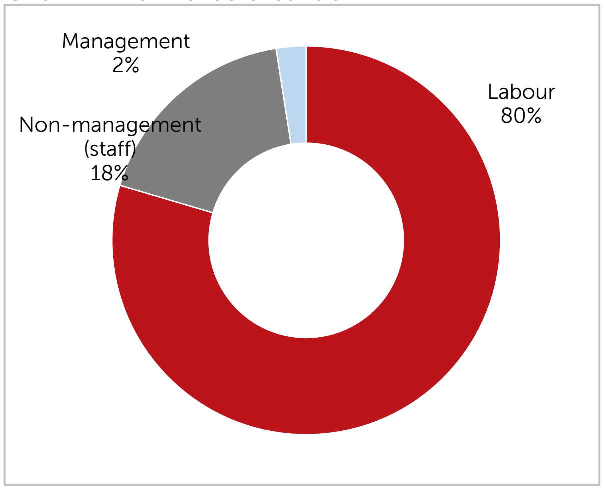


Chart 2: Workforce breakdown



Source: Company filings

Note:
1. 10-year retention rate average (excluding Covid period 2020-2021) computed for each year as follows: (Total number of employees - number of employees who left the organization during the year) / average number of employees during the year

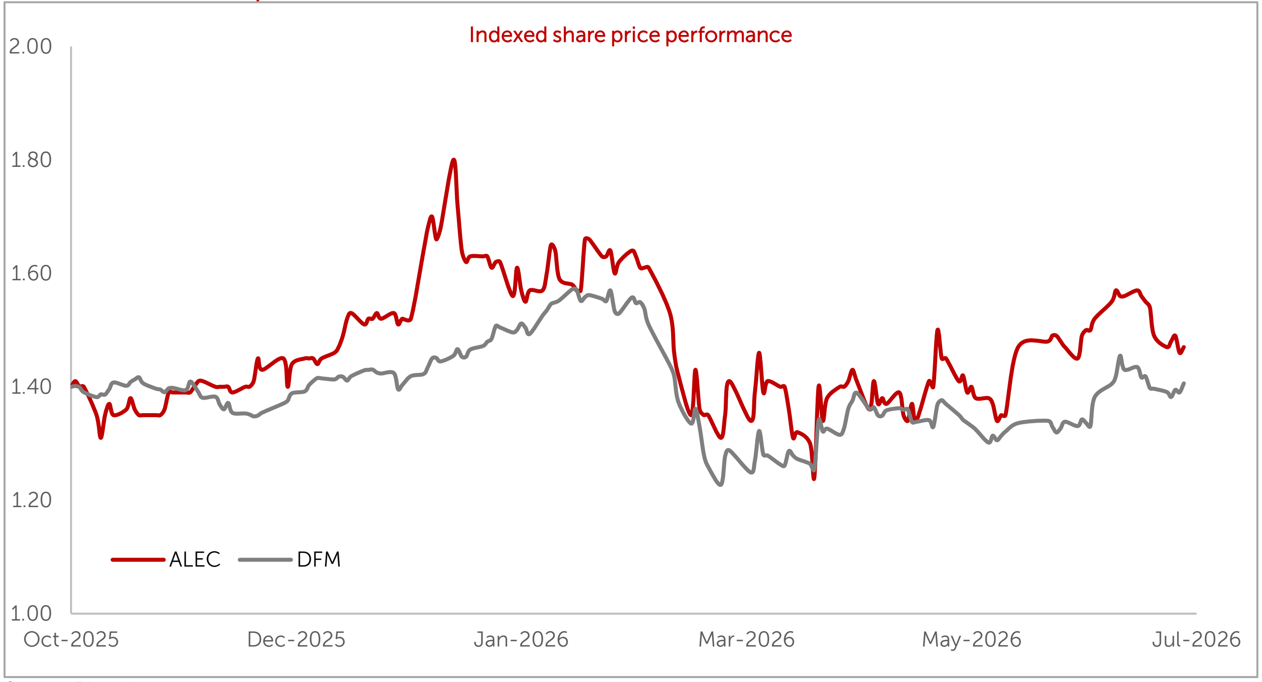
Strong momentum post-IPO

ALEC made its public market debut on the Dubai Financial Market on 15 October 2025, marking the UAE's largest-ever construction sector IPO and the first listing in the sector in more than 15 years. The IPO was priced at AED 1.40 per share, implying a market capitalisation of AED 7.0bn at listing.

At the current share price of AED 1.47, the stock has delivered a return of around 5.0% since listing. This compares with a broadly flat return for the DFM over the same period, implying outperformance of c. 4.6 percentage points.

This relative strength is notable given the difficult operating backdrop over recent months, and share performance suggests investor confidence in ALEC's earnings visibility, resilience, execution capabilities, backlog visibility, and exposure to sustained regional construction demand.

Chart 3: ALEC share price



Source: Bloomberg

Financial performance exceeds guidance and market expectations

ALEC has maintained strong financial momentum since its listing, with reported results showing solid growth across revenue, EBITDA, and net profit. 2025 revenue increased 56% YoY to AED 12.6bn, supported by backlog conversion across all segments. EBITDA rose by 76% YoY to AED 1.1bn, with the EBITDA margin expanding to 8.8%, reflecting operating leverage and tight cost control. Net profit nearly doubled, rising 89% YoY to AED 687m, with the net income margin improving to 5.5%.

The strong performance continued into 1Q26, with revenue up 87% YoY to AED 4.6bn, EBITDA up 79% YoY to AED 362m, and net income up 101% YoY to AED230m. This reflects continued backlog execution, disciplined project delivery, and strong demand across ALEC's operating markets.

Table 6: ALEC financial performance

AED m	3Q25 result summary			4Q25 result summary		
	3Q25	3Q24	YoY	4Q25	4Q24	YoY
Revenue	3,544	1,945	+82.2%	3,698	2,720	+36.0%
EBITDA	277	148	+87.2%	400	243	+64.6%
Net income	193	71	+171.8%	256	163	+57.1%
	FY25 result summary			1Q26 result summary		
	2025	2024	YoY	1Q26	1Q25	YoY
Revenue	12,604	8,101	+55.6%	4,609	2,467	+86.8%
EBITDA	1,106	630	+75.6%	362	202	+79.2%
Net income	687	363	+89.3%	230	114	+101.8%

Source: Company filings

Notably, ALEC's results exceeded the guidance provided at the time of the IPO and came in ahead of market consensus. This outperformance strengthens management credibility, strong execution capability, and better-than-expected conversion of backlog into earnings. We believe it also reinforces ALEC's overall investment case, highlighting resilient demand, improving profitability, and the company's ability to deliver growth above expectations while maintaining operational discipline.

Distributed a higher amount

ALEC's strong financial performance translated directly into enhanced shareholder returns. The company approved a 2025 cash dividend of AED 250m (equivalent to 5 Fils per share), 25% above the AED 200m targeted at the time of the IPO. The approved dividend reflects strong earnings delivery, robust cash generation, and balance sheet flexibility.

We believe this higher payout reinforces management's commitment to rewarding shareholders while preserving sufficient capacity to fund growth and working capital needs. Overall, the dividend uplift strengthens ALEC's investment appeal by improving cash return visibility and demonstrating confidence in the sustainability of its financial performance.

Operational execution remained resilient amid a challenging geopolitical backdrop

ALEC has demonstrated strong resilience amid a challenging operating backdrop, with limited evidence of disruption to project execution or demand. 1Q26 results were strong, and importantly, revenue was also 25% up from 4Q25, indicating that backlog execution continued into the new financial year. This suggests minimal operational impact from the difficult regional backdrop and highlights ALEC's ability to continue converting backlog, executing projects, and protecting profitability.

The company's resilience is also reflected in new contract activity. During this period, ALEC secured the Sphere Abu Dhabi project and three EPC contracts. These contract awards reinforce ALEC's position as a preferred contractor for complex, high-profile infrastructure and entertainment assets.

Overall, the combination of strong quarterly performance, continued backlog execution, and fresh project awards points to a "business as usual" operating environment for ALEC. The absence of project stoppages during this period further supports the view that ALEC's delivery platform remains intact. More broadly, the continued award of large-scale projects suggests that the UAE construction market remains resilient, with government-backed and strategic infrastructure spending continuing despite the difficult backdrop.

Table 7: New project awards

Project	Sphere, Abu Dhabi	EPC Contracts
Award date	22 May 2026	8 June 2026
Size	USD 1.7bn (AED 6.2bn)	USD 500m (AED 1.8bn)
ALEC business segment	Business & Construction	Energy Solutions (Target Engineering)
Client	Department of Culture and Tourism – Abu Dhabi (DCT Abu Dhabi)	ADNOC
Time period	Completion by 2029	10 months to 36 months

Source: Company filings

Current operating conditions have led to higher input prices and project costs across the construction value chain. However, ALEC's margin exposure appears manageable, supported by the structure of its contracting model and its ability to reflect updated cost assumptions in new awards. For new projects, pricing is typically based on current market conditions, meaning recent inflation is already embedded into bid pricing and contract economics. This reduces the risk of newly awarded work, in our view.

For the existing backlog, the impact is more nuanced. In areas where cost inflation can be clearly identified, quantified, and allocated to specific workstreams, ALEC is generally able to engage with clients. In cases where inflation is less directly attributable, the company continues to work with clients to assess the effects and agree on appropriate commercial outcomes based on prevailing market conditions.

Importantly, ALEC operates primarily as a contractor executing work on behalf of clients, rather than as a developer taking full project economics risk. Its contracts typically include provisions addressing cost overruns and external cost shocks, particularly where such increases arise from factors outside ALEC's control.

As a result, we believe the current inflationary environment is unlikely to materially impair ALEC's margins. While timing differences may create some short-term working capital or negotiation pressure, the company's strong client relationships, disciplined project controls, and contractual protections should support the successful pass-through of incremental costs over time.

Solid investment case

Overall, ALEC presents a solid investment case as a premium contractor serving tier 1 and government clients, with a backlog anchored by nationally important and complex projects. Since listing, the company has delivered strong financial results, exceeding both IPO guidance and market consensus. This has translated into solid share price performance and outperformance of the DFM index by around 4.6 p.p. This strong delivery has also supported a higher-than-guided dividend distribution, further enhancing shareholder returns.

Recent contract awards, including large-scale strategic projects, demonstrate continued demand resilience and reinforce our confidence in the UAE construction market. With contract structures that provide protection against externally driven cost inflation, ALEC appears well-positioned to preserve margins while continuing to execute and replenish its backlog. Taken together, we believe strong execution, earnings visibility, resilient demand, and improving shareholder returns reinforce ALEC's attractive investment profile.

Disciplined project execution

ALEC's disciplined project execution is anchored in its high share of bilateral contract awards and a selective tendering approach. The company targets technically demanding, high-value opportunities aligned with its core strengths.

High proportion of bilateral wins

ALEC has consistently demonstrated its capability as a premier regional contractor by maintaining long-standing relationships with blue-chip clients and emerging as a top contributor to their mission-critical portfolios. The company's ability to execute highly complex projects, often under challenging timelines and technical constraints, has solidified its competitive edge.

ALEC's proven record of delivering high-quality projects on time has built trust among key clients and translated into strategic advantages. In 2025, 52% of contracts awarded were secured through bilateral negotiations, bypassing competitive tendering processes. In our view, this high proportion of bilaterally awarded contracts underscores client confidence and highlights ALEC's strong reputation across the regional construction sector.

Notably, ALEC's entry into the Kingdom of Saudi Arabia did not follow a conventional tendering or expansion strategy. Instead, it stemmed from an invitation from a large client impressed by ALEC's performance on technically demanding projects in the UAE, such as One Za'abeel and SeaWorld Abu Dhabi. ALEC's entry into Saudi Arabia was through a JV with El Seif Engineering, beginning with Qiddiya Water Theme Park project in Riyadh.

This client-driven expansion approach reflects ALEC's influence in its key markets and reinforces ALEC's regional leadership, in our view.

Table 8: Sample of projects awarded through bilateral negotiations

Project name	Client	Award year	Reason	Type	Project value, AED m
Wynn Al Marjan	Wynn Resorts	2023	Recognised project expertise	B&C	8,100
Qiddiya Speed Park	Qiddiya Investment Company	2023	Recognised project expertise	B&C	7,626[1]
Stargate – Data Centres	Khazna	2025	Recognised project expertise and delivery quality	B&C	5,204
Ilmi Science and Technology Centre (MISK)	Misk City Company	2024	Recognised project expertise	B&C	1,800
Yas Water World Expansion	Miral Asset Management	2023	Add-on to main project	B&C	225

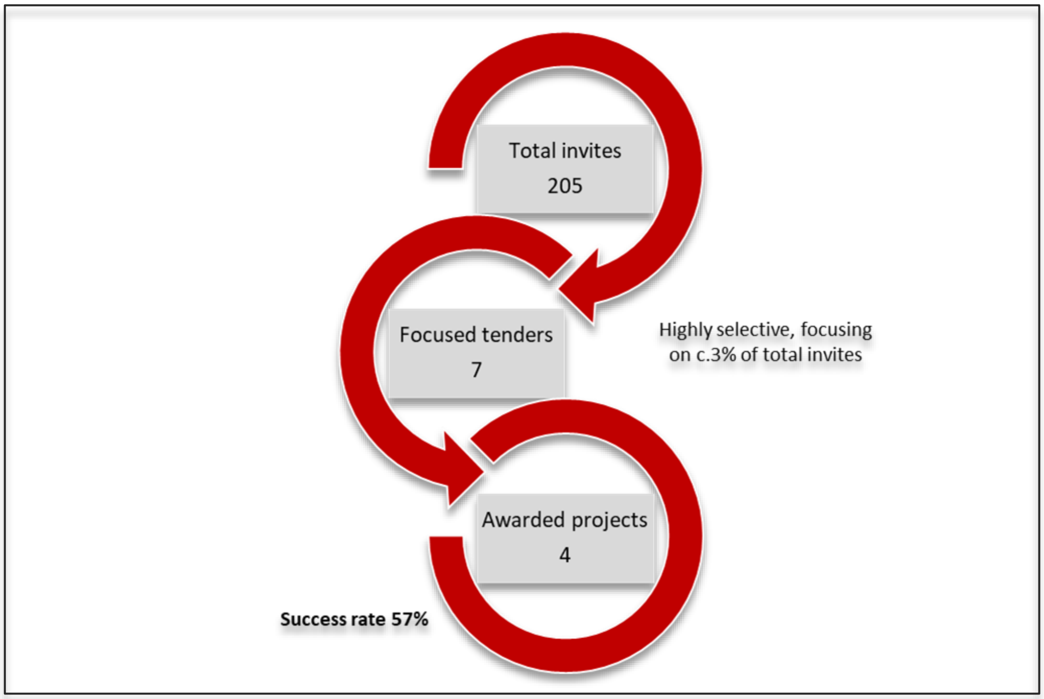
Source: Company presentation. B&C: Building and Construction
Note:
1. Project in JV, value refers to full project value, in which ALEC has a 50% share

Selective tendering

ALEC adopts a disciplined tendering strategy to ensure optimal resource allocation and superior project outcomes. In 2024, the company received 205 tender invitations (excluding bilaterally negotiated projects) but pursued only seven of them, representing just 3% of the total. Of these, ALEC secured four contracts, resulting in a 57% success rate based on its internal metric of awarded to focused tenders. In 2025, the group maintained a strong 46%-win rate on focused tenders.

ALEC concentrates on tenders that demand complex and technically advanced solutions, key areas where it consistently delivers exceptional results, rather than participating broadly across the market. This focused approach allows the company to align each project with its core technical strengths, maintain effective cost control, and preserve healthy margins. By declining tenders outside its strategic focus, ALEC reduces overhead costs and ensures that resources are dedicated to high-potential opportunities with established clients. The company deploys specialised teams to work concurrently on project scoping, feasibility studies, and financial assessments during the selection process.

Figure 4: Tender process for ALEC Construction, 2024



Source: Company presentation, Success rate: Computed as Awarded projects / "Focused" tenders – Focused tenders, 7; awarded projects, 4

Selection criteria for projects:

- Iconic, innovative, and landmark projects that demand unconventional solutions.
- Complex developments require specialised capabilities that leverage ALEC's integrated offering.
- Preference for projects valued at AED 1bn or more to ensure substantial impact and efficient resource utilisation. 47% of the remaining contracted projects as of 1Q26 exceed AED 3bn in value, highlighting the scale and complexity of ALEC's project portfolio.
- Projects with superior profit margins for financial stability and to mitigate unforeseen costs.
- Collaboration with well-established blue-chip clients to facilitate future bilateral negotiations and access to selective tender opportunities.
- Projects aligned with national development agendas, positioning ALEC as the contractor of choice for high-profile initiatives.

Table 9: Sample of projects awarded through tender process

Project name	Client	Award Year	Concurrent bidders	Type	Project value, AED m
Das Island Scope	ADNOC	2025	CPECC Tecnicas Reunidas	Energy	4,830
Como Residences	The Palm Jumeirah	2024	CSCEC AGSC	B&C	1,823
Natural History Museum	Miral	2022	Zublin ACC	B&C	1,353
Centre of Curiosity (teamLab Phenomena)	Miral	2022	Zublin ACC	B&C	535

Source: Company presentation. B&C: Building and Construction

Robust backlog

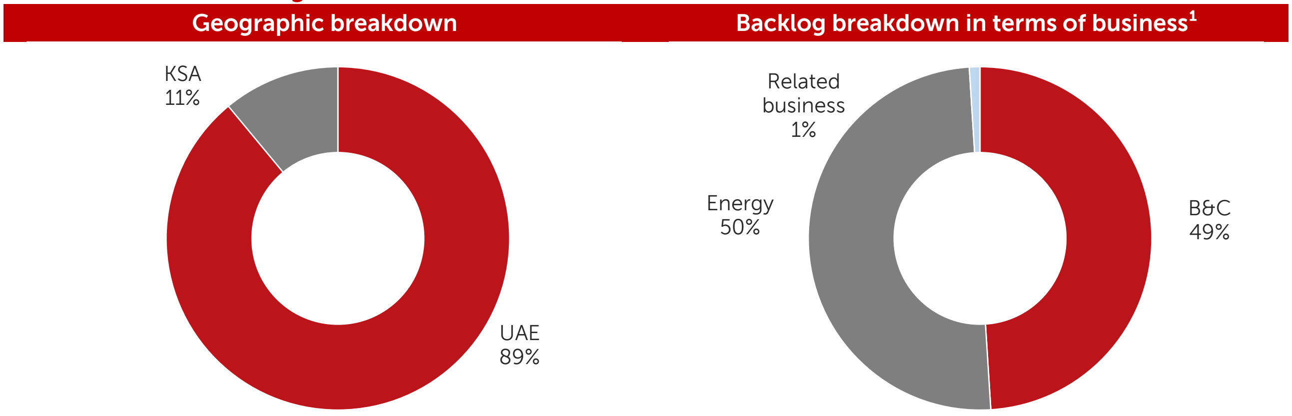
We believe ALEC is well-positioned for sustained and visible growth, underpinned by a robust project backlog. As of March 2026, the company reported a backlog of AED 26.7bn, equivalent to 1.8 times its last twelve months' revenue.

Notably, following the 1Q results, ALEC was awarded the USD 1.7bn (AED 6.2bn) Sphere project by the Department of Culture and Tourism Abu Dhabi, and USD 500m (AED 1.8bn) across three EPC projects through its subsidiary, Target Engineering. These awards suggest a significant increase in backlog, raising pro forma backlog coverage to 2.4x.

This high backlog coverage implies that a significant portion of near-term revenue is already contracted. The depth of the reported project pipeline provides a multi-year operational runway, supporting effective resource planning, cost optimisation, and long-term capital deployment.

Based on data available as of the end of March 2026, ALEC's backlog is geographically diversified, with approximately 89% concentrated in the UAE and 11% in Saudi Arabia. A significant portion of ALEC's backlog comprises projects commissioned by GRE. Working with such high-profile clients also reinforces ALEC's market reputation, positioning it as a trusted partner in delivering strategic and large-scale developments.

Chart 4: Current backlog breakdown, 1Q26 (AED26.7 bn)



Source: Company presentation. B&C: Building and Construction
Note:
1. B&C backlog will include work assigned to related businesses.

Strong growth in backlog

ALEC's project backlog has undergone a considerable transformation over the past few years, driven by its expansion into the Saudi Arabian market, the strategic acquisition of Target Engineering, and a robust increase in project spending across both the UAE and KSA.

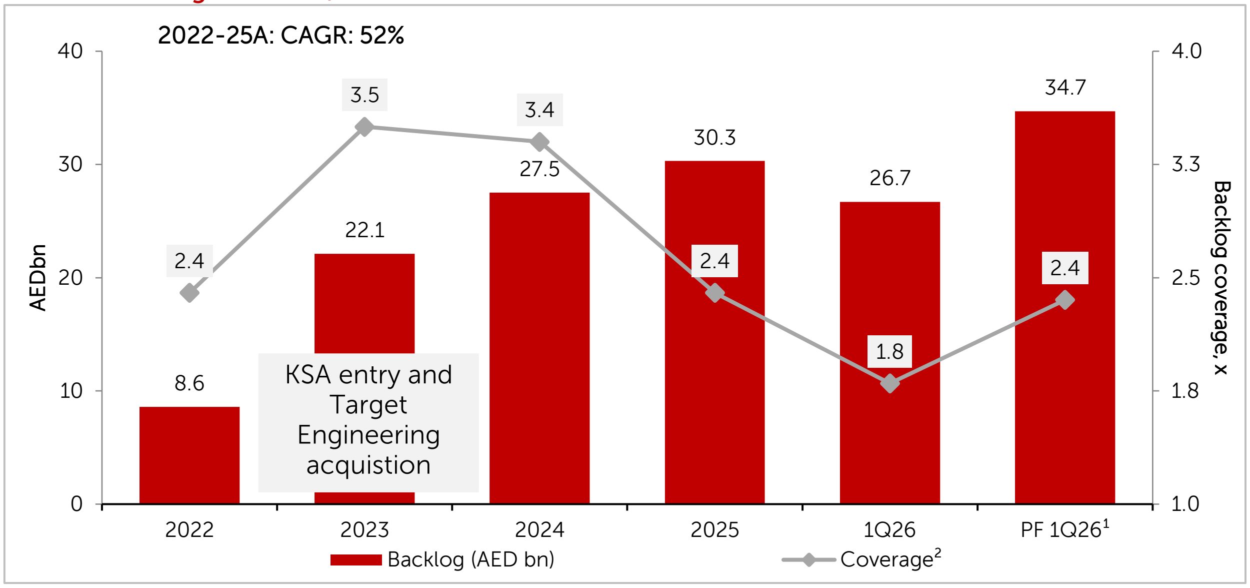
The company reported a backlog of AED 8.6bn at the end of 2022, with a coverage ratio of 2.4x. This surged to AED 30.3bn by end-2025. This increase represents an annual growth rate of approximately 52% between 2022 and 2025.

By the end of 1Q26, project backlog declined to AED 26.7bn, with coverage decreasing to 1.8x, as the company converted backlog into revenue. Recent Sphere and EPC project wins increased pro forma backlog to AED 34.7bn and raised pro forma coverage to 2.4x based on LTM revenue.

Management maintains a confident outlook, guiding for backlog coverage of 2.0x to 2.5x in the medium-term, supported by a healthy project pipeline and anticipated future awards. On revenue, the company is targeting 50–55% growth in 2026, with 100% of revenue covered by the current backlog, followed by a medium-term revenue CAGR of 7-8%.

High growth and a sustained backlog offer strong visibility on forward revenues and affirm ALEC's exceptional execution capabilities, long-term client trust, and successful positioning in high-growth markets, in our view. A consistently high backlog also signals a diversified and resilient pipeline, improved operating leverage, and enhanced pricing power, ultimately reinforcing ALEC's stature as a dependable partner for large-scale, capital-intensive projects in the region.

Chart 5: Backlog evolution, AED bn



Source: Company filings

Note:

1. Pro forma backlog is calculated by adding the two newly awarded projects to the reported 1Q26 backlog.
2. Backlog coverage is calculated as backlog divided by revenue

Diversified portfolio of flagship projects

The current project backlog for ALEC features a diverse portfolio of flagship developments, spanning multiple sectors across both the United Arab Emirates and Saudi Arabia. High-profile projects such as Wynn Al Marjan, a luxury integrated resort and one of the region's most ambitious hospitality ventures, serve as cornerstones for ALEC's visibility and credibility within the premium tourism and leisure segment.

Similarly, Qiddiya Speed Park, part of the Kingdom's signature giga-project under Vision 2030, strengthens ALEC's presence in large-scale entertainment and motorsport infrastructure. The backlog also includes a series of multi-billion energy developments, underscoring ALEC's role as a key execution partner in energy infrastructure delivery for national oil companies.

Securing and managing such landmark assignments, in our view, elevates ALEC's profile with government entities and global investors. This supports a sustained revenue pipeline and demonstrates its ability to deliver complex, capital-intensive projects to world-class standards, placing ALEC at the forefront of regional transformation.

Table 10: ALEC flagship project backlog

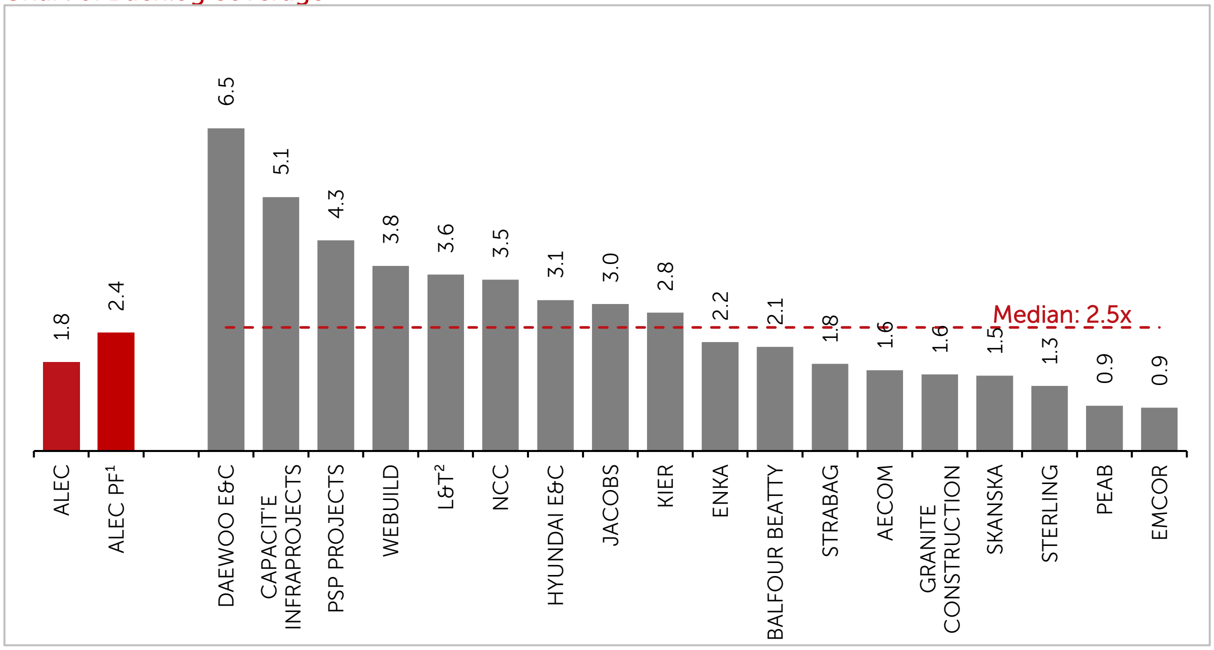
Project name	Country	Backlog[1], AED m	Sector	Expected year of completion
ADNOC Offshore Zakum EPC	UAE	4,692	Energy	2030
Wynn Al Marjan	UAE	4,412	Hospitality	2027
ADNOC MMBD Offshore	UAE	3,762	Energy	2028
Stargate Data Centre (200MW)	UAE	3,324	Data Centre	2027
Qiddiya Speed Park	KSA	1,843	Leisure	2027
Como Residences	UAE	1,556	Residential	2028
ilmiScience and Technology Centre (MISK)	KSA	1,035	Education	2027
ADNOC Sahil EPC Works	UAE	660	Energy	2027

Source: Company presentation; Note: 1. Remaining backlog as of May 2026

Strong growth, backlog trends in line with industry

Current backlog coverage stands at 1.8x, increasing to 2.4x on a pro-forma basis after incorporating the latest Sphere and ADNOC EPC awards. This positions the company broadly in line with industry peers, supporting revenue visibility and a steady growth pipeline.

Chart 6: Backlog coverage

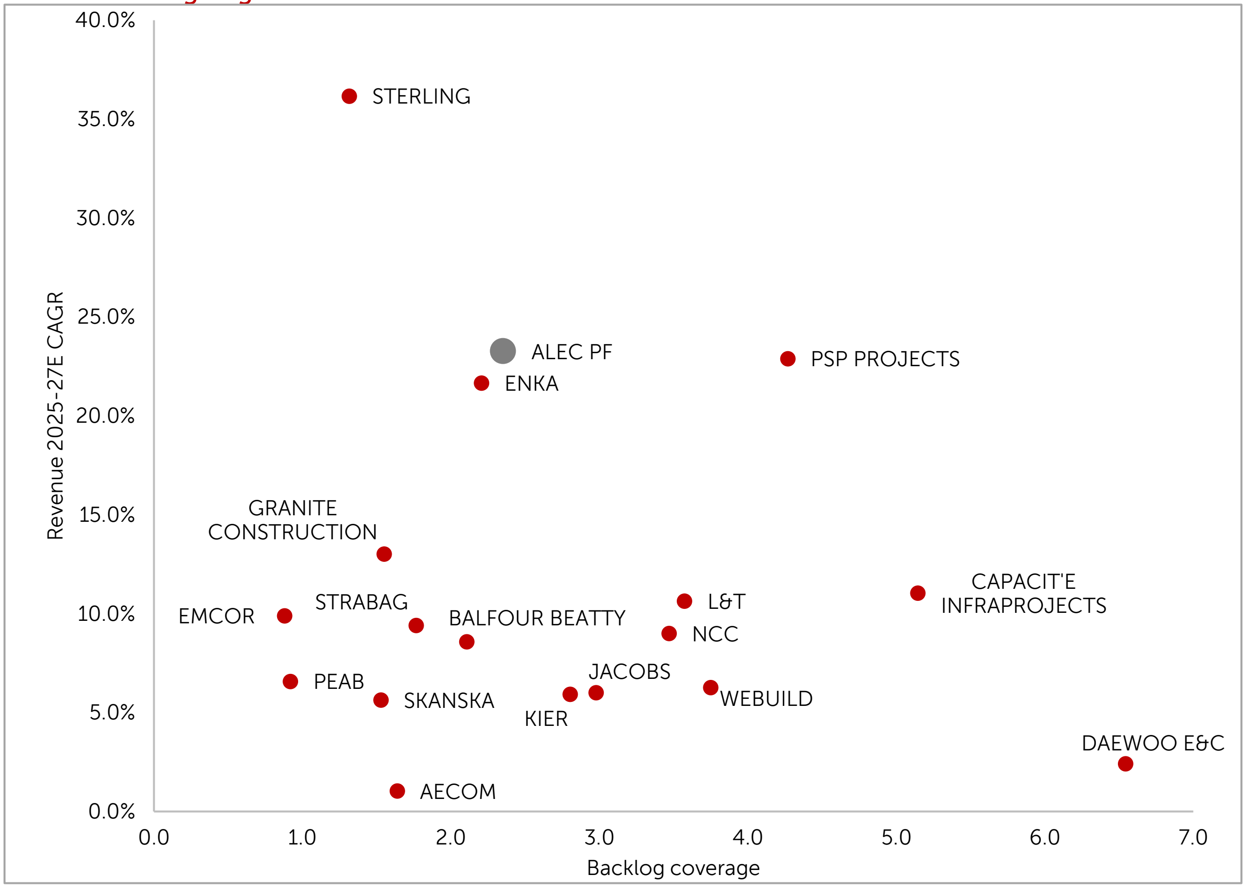


Source: Company data, news reports, and annual filings, Bloomberg;
Note:
1. Pro forma backlog includes Sphere and ADNOC EPC projects awarded in May/June 2026. Calculated based on LTM revenue.
2. Coverage calculated based on revenue from its core activities, Projects, Products & Manufacturing

We expect ALEC to be the fastest-growing company within its peer group, supported by its position as a preferred contractor for complex, large-scale, and specialised projects across the region.

Growth is further underpinned by elevated post-pandemic construction activity, driven by regional efforts to diversify economies beyond energy. Its strong backlog and rapid growth reflect robust demand and execution strength, supporting value creation through enhanced earnings visibility, stronger investor confidence, and readiness for strategic scaling.

Chart 7: Backlog vs growth



Source: Company data, news reports, Bloomberg and annual filings

Contract structures optimised for risk management

ALEC takes a disciplined and performance-driven approach to project execution by structuring its contracts with clarity and foresight. Each agreement outlines the company's general obligations, clearly defines key deliverables, and includes a carefully designed payment schedule to ensure healthy cash flow throughout the project lifecycle. To mitigate exposure to commodity-related risks, ALEC shifts certain liabilities to clients through risk transfer clauses and secures material supplies in advance to minimise cost overruns.

ALEC typically partners with blue-chip clients and GRE that offer long-term strategic vision and strong visibility into execution. These relationships reduce the risk of client-side cancellations. Despite maintaining a strong client base, ALEC includes contractual provisions to mitigate the financial risk of project cancellation, allowing recovery of incurred costs if a client withdraws from a signed agreement.

Operational discipline is maintained through bi-weekly contractual performance reviews and monthly financial checkpoints, both designed to keep delivery on track and within budget. Since its inception, ALEC has called a bond only twice, representing just 0.2% of its total project portfolio.

A bond is a legally binding instrument that guarantees a contractor will fulfil the terms of the contract. If not, the bond issuer is obliged to cover the costs or ensure completion. This rare occurrence reflects ALEC's steadfast commitment to meeting its contractual obligations and delivering quality projects on time and within budget.

Active management of payment cycles

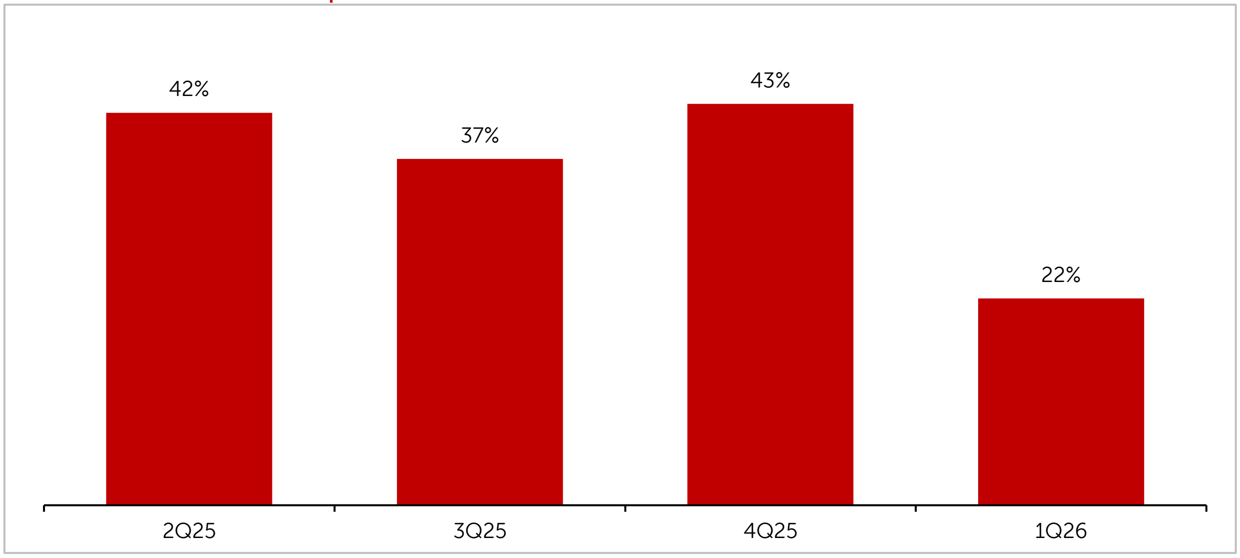
ALEC targets to keep cash tied to working capital at a modest share of revenue by aligning capital requirements with its payables. However, given the scale and complexity of the projects it undertakes, the company anticipates fluctuations in cash flow depending on the timing of client payments. To manage these swings, ALEC maintains strong cash reserves, typically enough to cover at least four months of requirements, and leverages subcontractors to reduce cash flow volatility.

ALEC's cash balance moderated to AED 1.01bn in March 2026, equivalent to 21.9% of 1Q26 revenue, from AED 1.57bn in December 2025, or 42.6% of 4Q25 revenue. This decrease in cash balance relative to revenue reflects three factors:

- Strong revenue growth, with 1Q26 revenue up 86.8% YoY.
- Normal seasonality, as cash balances in 1Q are typically lower following year-end working capital movements.
- No new contract awards after listing during the period, which meant there were no new advances from new contracts.

Given that ALEC has since been awarded two new contracts, we expect the cash balance to improve and move closer to its historical average of approximately 40% of revenue.

Chart 8: Cash as % of last quarter's revenue



Source: Company filings

Each project begins with a comprehensive cash flow model designed to support positive project balances from the outset. Monthly iterations allow the ALEC team to identify potential delays early and make timely adjustments. The project commercial team closely monitors outstanding payments and promptly escalates to senior management when necessary.

ALEC further reduces its exposure to collection risk by working mostly with GREs and reputable blue-chip clients. The company manages cash at the group level to enable efficient oversight of working capital requirements without drawing down large amounts of debt.

Figure 5: Overview of cash flow from a project

Cash inflows

- Advance payment of c.10% of contract value
- Monthly payments based on project execution schedule are expected to be paid within c.60 days of making the application, which is submitted every month-end
- c. 5% of the cash received for the work done is retained in the form of a retention bond

Cash outflows

- Salaries are paid to employees at the end of each month, while other general project costs are paid within 60 days
- Direct work is generally split as materials (payable in 60 days) and labour (payable in 30 days)
- Subcontractors' cost is generally paid within 7-10 days from the time ALEC is paid, and c.10% of it is retained monthly and paid in two tranches at the end of the project

= Monthly cash in hand

Source: Company presentation

ALEC takes a proactive approach to prudent working capital management at the group level. In absolute terms, net working capital has remained broadly stable over the past four years. It stood at AED 835m in 2022 and was AED 811m as of March 2026, representing only a modest change.

However, given the strong revenue growth over the past three years, net working capital as a percentage of revenue declined meaningfully, from 23% in 2022 to 5% as of March 2026.

Working capital also tends to follow a seasonal pattern. It typically peaks toward year-end, as project handovers often take place in the final months of the year while customer payments remain pending. It then usually improves in the first half of the following year, once customers settle their outstanding invoices.

Table 11: Working capital over the years

Items (AED m)	2022A	2023A	2024A	2025A	1Q26A
Advance to suppliers	14	3	49	260	278
Current assets (+)	3,820	5,666	6,405	8,761	9,551
Advances from customers (-)	183	367	595	1,329	976
Current liabilities (-)	2,816	4,452	5,252	6,837	8,042
Net working capital	**835**	**850**	**607**	**856**	**811**
LTM revenue	3,599	6,275	8,101	12,604	14,746
Net working capital as % of revenue	**23%**	**14%**	**7%**	**7%**	**5%**

Source: Company presentation; Net working capital is calculated as current assets plus advances to suppliers minus current liabilities minus advances from customers

Subcontracting for greater flexibility and risk offloading

Subcontracting is a core part of how ALEC approaches large and complex projects. On average, between 35% and 60% of the work on a given project is delegated to subcontractors. Subcontracting is a standard industry practice for flexibility and efficiency. This approach allows ALEC to scale up quickly and meet evolving project needs without overstretching its internal teams.

The company works with a mix of internal and external vendors, supporting both continuity and access to specialised skills. Importantly, the final decision on subcontracting arrangements rests with the client, reflecting ALEC's transparent and collaborative model.

ALEC applies a disciplined and strategic approach to subcontracting by engaging external partners through a thorough qualification process that assesses both technical capabilities and quality standards. These subcontractors are primarily enlisted in specialised areas where ALEC or its affiliated entities lack in-house expertise or when internal resource capacity is constrained, enabling the group to access niche capabilities and deliver technically complex, high-quality projects.

When ALEC works with its own subsidiaries (internal subcontracting), those units function independently, operating as separate business entities and transacting on an arm's-length basis, including distinct profit margins, to preserve financial transparency and accountability.

Beyond operational efficiency, subcontracting also helps ease financial and execution-related pressures by distributing risk across areas such as cash flow management, project completion, and budget control due to payment terms that are on a back-to-back basis.

When working on a back-to-back basis, subcontractors are required to furnish performance bonds that align directly with the terms of ALEC's agreement with the client. The release of a subcontractor's bonds follows the client's release schedule to ALEC, maintaining consistency across the project chain. This structure helps mitigate risk and reinforces accountability, supporting the timely delivery of project milestones while safeguarding ALEC's financial and operational interests.

Figure 6: Advantages of subcontracting

Challenges	Subcontracting advantage
Quality control	Ensure quality by implementing strong oversight mechanisms
Coordination	Access specialised skills and project alignment with integrated project management tools
Dependence on external parties	Manage costs through the development of strong partnerships and resource management
Communication barriers	Achieving scalability by establishing clear communication protocols
Risk management	Focus on core activities by conducting thorough risk assessments

Source: Company presentation

Benefits of internal subcontracting

ALEC views subcontracting not just as a resource strategy but as a deliberate lever to elevate quality, coordination, and risk control across its projects. By establishing focused internal teams eligible for subcontracting, ALEC cultivates high-value, in-house capabilities that contribute directly to margins and allow greater control over critical processes. This strengthens ALEC's position as a principal contractor that can deliver diverse skill sets under one roof.

Benefits of external subcontracting

When a specific capability is not yet developed internally, the company targets external partners selectively for subcontracting, all while improving working capital management and reducing off balance sheet obligations using financial bonds. We believe this approach keeps ALEC agile and resilient without compromising control or performance. The company also maintains strong relationships with its subcontractors which expand their capabilities to meet ALEC's needs.

Multiple growth drivers

Market growth remains supportive for ALEC, underpinned by sustained economic momentum in the UAE and KSA, sizeable project pipelines, and continued investment across construction, energy, data centres, airports, hospitality, and entertainment. Construction project spending in the UAE and KSA is expected to reach c. AED 650bn annually by 2029, supported by transformational projects, while demand is further reinforced by ADNOC and Aramco capex. In our view, this provides ALEC with a broad, multi-year growth runway across its segments.

Construction cycle supports multi-year growth runway

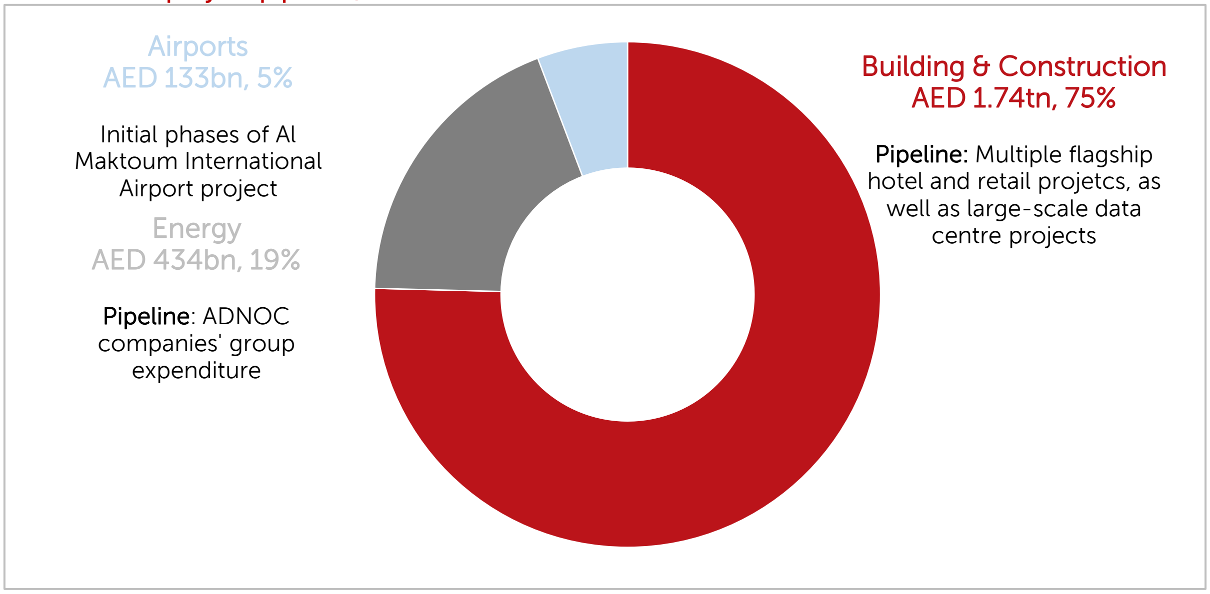
ALEC's core markets offer a sizeable and growing construction opportunity, with project spending in the UAE and KSA expected to increase meaningfully through 2029, supported by large pipelines across buildings and construction, energy, and airports.

UAE project spending on the rise

ALEC's core market, the UAE, presents a strong and promising outlook, in our view, supported by an active project pipeline valued at approximately AED 2.30tn (USD 627bn). This pipeline reflects anticipated opportunities over the next ten to fifteen years, driven by coordinated efforts across all emirates to position the UAE as a global hub for business and leisure.

Key government initiatives, such as Dubai's D33 economic agenda, are directly shaping the building and construction sector, where ALEC plays a vital role in delivering premium, large-scale projects of national importance. In parallel, ADNOC's USD 150bn investment plan for 2026-30 offers significant opportunities for Target Engineering, ALEC's energy construction segment. A steady flow of new projects from a strong pipeline should support ALEC's continued growth in backlog and revenue, potentially contributing to its future success in the UAE.

Chart 9: UAE project pipeline, AED 2.30tn

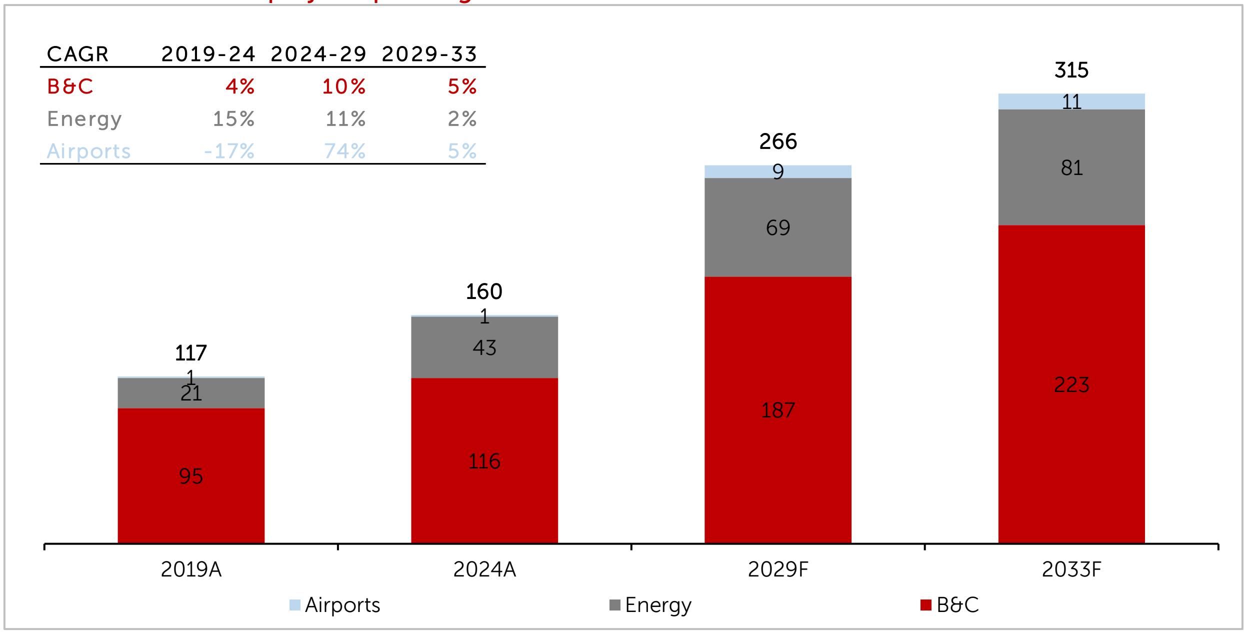


Source: Company presentation, pipeline refers to the quantum of the future market over the next 10-15 years

Project spending in the UAE has demonstrated steady resilience, increased from AED 117bn in 2019 to AED 160bn in 2024, an annual growth rate of 6.5% despite the setbacks caused by the Covid pandemic. According to MEED and ALEC, medium-term projections estimate that annual spending will reach AED 266bn by 2029, reflecting a growth rate of 11.6%. This surge is supported by major initiatives, including flagship hotel developments, large retail projects, the D33 economic agenda in Dubai, expanding data centre infrastructure, and spending by ADNOC group companies.

After this period of rapid growth, spending is expected to continue rising at a moderate rate of 4.3% into the first half of the next decade. This combination of strong momentum and long-term stability presents a favourable outlook for ALEC, in our view, as the company continues to focus on projects that align with its core capabilities, involve large contract values, and require technical expertise to deliver complex developments.

Chart 10: UAE annual project spending



Source: Company presentation, MEED; B&C: Building and construction

Key projects announced in the UAE

The UAE government has announced several landmark projects in recent years across sectors, including hospitality, energy, digital and aviation. The complex nature of many of these developments places ALEC at the forefront of execution, leveraging its expertise in large-scale, high-value construction. Key examples of these strategic initiatives are presented below.

Table 12: Announced landmark projects in UAE

Projects	Project value, AED bn	Industry
Stargate Data Centres, Abu Dhabi	147	B&C
Palm Jebel Ali	147	B&C
Al Maktoum International Airport expansion phases 1, 2 and 3	129	Airports
Dubai Creek Harbor	65	B&C
Disneyland, Abu Dhabi	26	B&C
Sphere Abu Dhabi	6	B&C
Aljada Urban District: ARADA Central Business District	6	B&C
Abu Dhabi Das Island Crude Oil Tank Farm	4	Energy
RAK airport expansion	1	Airports

Source: Company presentation

Well positioned to benefit from Saudi Arabia's construction pipeline

Saudi Arabia represents a key growth market for ALEC, contributing approximately 21% of its revenue in 2025. The company is already executing several large-scale projects in the kingdom, including Aquarabia Waterpark and Qiddiya Speed Park. ALEC aims to build on this foundation and replicate its successful record in the UAE through strategic and selective expansion within the Saudi market. The company is targeting high-impact developments in Riyadh, focusing on flagship initiatives such as Diriyah Gate, Qiddiya, and Riyadh Expo 2030.

Aramco's project pipeline also offers substantial prospects. Aramco incurred capex of USD 53bn in 2024 and USD 52bn in 2025 and guided for capex of USD 50bn to USD 55bn for 2026. This volume of capital-intensive work aligns well with Target Engineering's capabilities, in our view. The scale and continuity of the pipeline not only support long-term growth visibility for ALEC's backlog and revenue but also enhance operating leverage and optimise resource deployment.

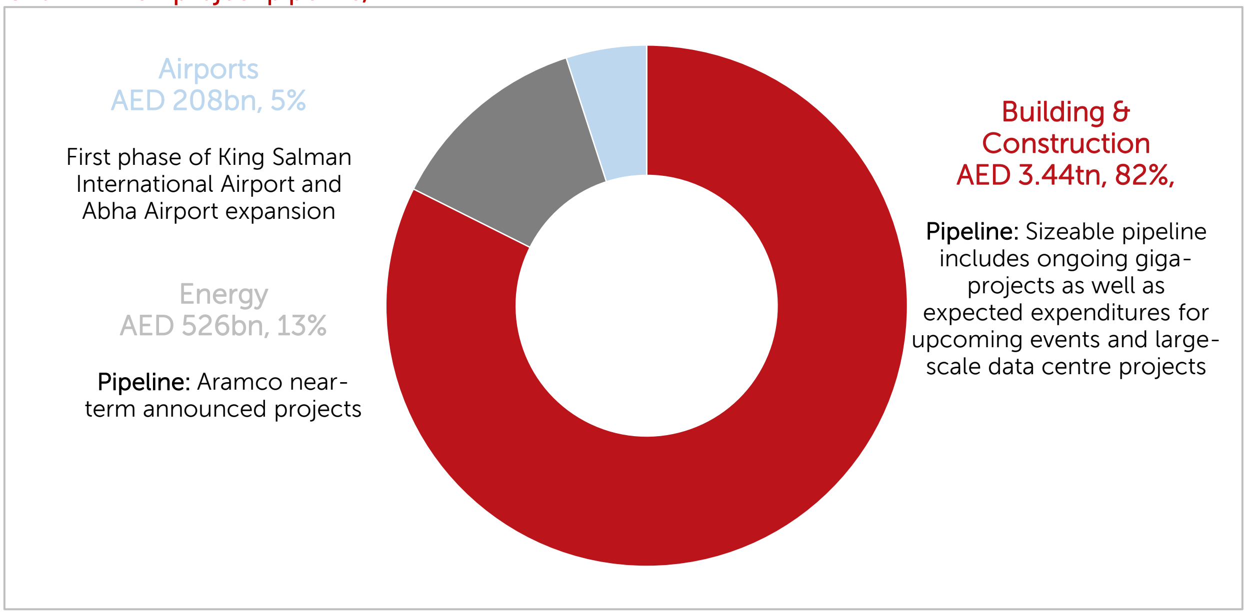
An impressive pipeline

Saudi Arabia's project pipeline presents expansive opportunities, with project value expected to reach AED 4.17tn (USD 1,135bn) over the next 10 to 15 years. Of this total, nearly AED 3.44tn is allocated to the building and construction segment, where annual spending is projected to more than double within five years (between 2024 and 2029). This sharp growth is driven by an ambitious slate of giga-projects under Vision 2030, combined with global events such as the 2034 FIFA World Cup, the 2029 Asian Winter Games, and related urban development initiatives.

In parallel, the energy sector adds depth to the pipeline, with close to AED 526bn in projects backed by Aramco. Major global events are scheduled in KSA, which are expected to attract many tourists, and KSA is transforming its aviation sector to support this growth, with AED 208bn of airport projects in the pipeline.

Together, these initiatives point to sustained momentum across hospitality, commercial, and civic infrastructure, positioning companies such as ALEC to capitalise on long-term, large-scale development opportunities aligned with the Kingdom's transformation agenda.

Chart 11: KSA project pipeline, AED 4.17tn



Source: Company presentation; pipeline refers to the quantum of the future market over the next 10-15 years

High growth in the medium term

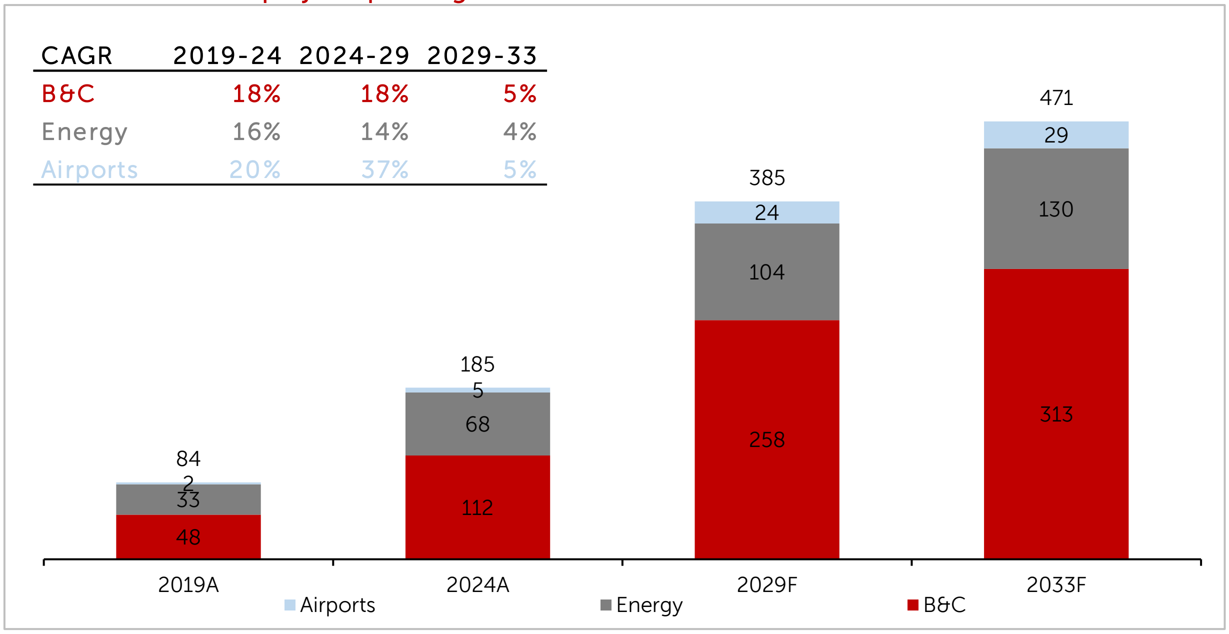
The construction and infrastructure landscape in KSA is poised for robust expansion over the next five years, fuelled by its Vision 2030 agenda and preparations for large-scale international events. Annual project spending is expected to accelerate significantly, with building construction projected to more than double from AED 112bn to AED 258bn, reflecting a strong annual growth rate of 14%.

On the energy side, we believe that Aramco's capex pipeline is set to play a pivotal role in shaping future development.

Substantial investment in airport infrastructure is also anticipated in the medium term to support rising inbound tourism tied to upcoming global events at the start of the next decade. Inbound tourism expenditure is expected to increase significantly, from AED 178bn in 2024 to AED 331bn in 2028, reflecting a CAGR of 16.8%.

This sustained growth will demand extensive upgrades across airport facilities, driving a projected 37% increase in medium-term spending, ultimately reaching around five times the levels seen in 2024. In our view, these dynamics position ALEC to capture long-duration opportunities across aviation, energy, and urban development platforms.

Chart 12: KSA annual project spending



Source: Company presentation, MEED; B&C: Building and construction

Table 13: Announced landmark projects in KSA

Projects	Project value, AED bn	Industry
Diriyah Gate	235	B&C
King Salman International Airport	110	Airports
Yanbu COTC: Refinery	55	Energy
Dahiyat Al-Fursan: Banan City	39	B&C
Riyadh Expo 2030	29	B&C
Yanbu COTC: Diesel and Naphtha	18	Energy
DataVolt: 300MW Data Centres	18	B&C

Source: Company presentation

Vision 2030

Saudi Arabia's Vision 2030 and its role as host of the 2034 FIFA World Cup place tourism at the centre of the Kingdom's national transformation agenda. As part of this ambitious strategy, multiple giga-projects, including The Red Sea Project, Amaala, and Qiddiya are driving large-scale infrastructure development aimed at creating world-class cultural and leisure destinations.

The country has set a target of welcoming 150m visitors annually by 2030, supported by plans to increase hotel room supply from 167,500 keys at the start of 2025 to 529,500 keys by 2030. A further 99,500 hotel keys are either under construction or in the final planning stages, with 78% of the upcoming supply expected to be in the luxury, upper upscale, or upscale categories. These initiatives point to a significant increase in construction activity across hospitality, retail, and commercial spaces in key urban centres.

We believe ALEC stands to benefit directly from this momentum, as its proven record of delivering complex, high-value projects positions the company at the heart of Saudi Arabia's expansion and long-term development vision.

Chart 13: Hotel rooms

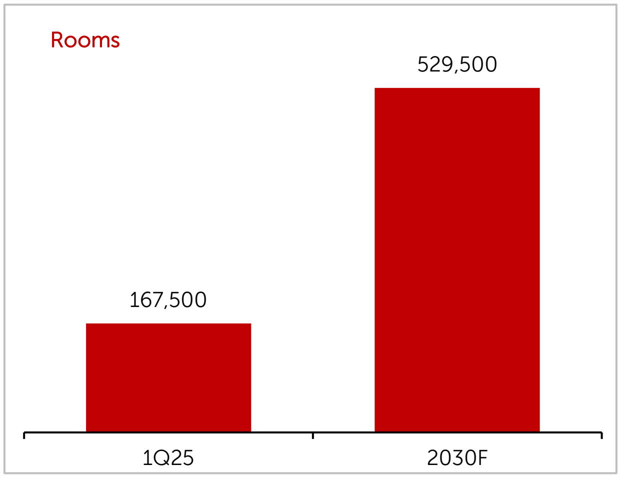
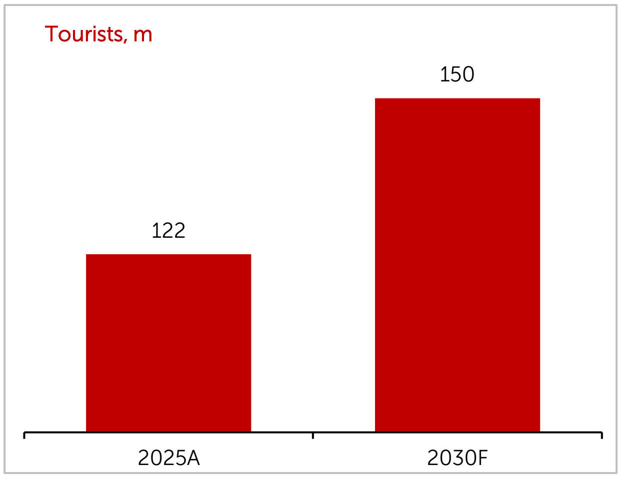


Chart 14: Number of tourists



Source: Company presentation

Data centres: New specialist construction opportunity

The GCC is emerging as a global hub for data centre development, with regional capacity projected to triple from 1 GW in 2025 to 3.3 GW by 2030, led by the UAE and KSA. Data centre growth in the region is being driven by cloud migration, rapid AI adoption, ambitious national AI strategies, and government-backed incentives that are accelerating investment in large-scale digital infrastructure.

Multiple agreements have been signed between the GCC government and the US to develop data centres in the region. One such agreement, signed in May 2025, saw the UAE and US announce a 5 GW AI campus in Abu Dhabi, the largest such development outside the United States. The campus is designed to host US hyperscalers and large enterprises, provide low-latency computing services to nearly half of the global population, and leverage nuclear, solar, and gas power to reduce carbon emissions.

Within this ecosystem, ALEC has secured work on the first 200MW in the Stargate Data Centre, an initial phase of the project, reinforcing its position as a specialist contractor in complex, high-value digital infrastructure.

Figure 7: Stargate UAE – Foundation for scalable growth

Constructor	ALEC DATA CENTER SOLUTIONS
Country	UAE
Timeline	First phase to be completed by 2026 (200MW)
Value	AED 5.2bn
Tender process	Direct award based on ALEC's ability to deliver projects of this scale relative to other market participants
Overview	The project involves construction of 5GW AI computing cluster in Abu Dhabi, with the initial 200MW phase to be completed in 2026 The project aims to position the UAE as a global leader in AI innovation by developing substantial AI infrastructure and fostering international partnerships The initiative includes partnerships with major technology companies such as: Khazna ORACLE NVIDIA CISCO

Source: Company presentation

KSA is also scaling its data centre ambitions through HUMAIN, the PIF-backed AI platform. HUMAIN is developing two initial 100 MW sites in Riyadh and Dammam, with broader expansion ambitions supported by strategic partnerships. The company targets 1.9 GW of data centre capacity by 2030 and up to 6.6 GW by 2034.

In parallel, HUMAIN and AWS announced plans to invest more than $5bn to develop an AI Zone in Saudi Arabia. HUMAIN has also partnered with AirTrunk, backed by Blackstone and CPP Investments, to develop data centres in the Kingdom, with the initial project valued at c. $3bn.

Figure 8: Data centre opportunity in GCC

Regional capacity to 3x
1 GW (2025) to 3.3 GW (2030)

UAE Stargate (Abu Dhabi)	Stargate	The UAE and US governments announced the establishment of a new 5GW Artificial Intelligence (AI) campus in Abu Dhabi spanning 26 km^2 – the largest outside the US once completed and led by G42.
	Construction update	Construction of the first 200 MW is underway and progressing steadily toward the planned 2026 delivery.
Saudi Arabia	DATAVOLT / NEOM	NEOM and DataVolt are developing a net-zero AI factory campus in Oxagon, NEOM's clean industrial hub, with a planned total capacity of around 1.5 GW. First phase will be funded by an initial $5bn investment from DataVolt and is expected to become operational by 2028.
	HUMAIN	The company targets 1.9 GW of data centre capacity by 2030 and up to 6.6 GW by 2034. Developing two initial 100 MW sites in Riyadh and Dammam. HUMAIN is also expanding through major partnerships, including a more than $5bn AWS AI Zone and a c. $3bn data centre project with AirTrunk, backed by Blackstone and CPP Investments.

Source: Company presentation, MEED

We believe ALEC is well-positioned to benefit from this momentum, given that data centres are a natural extension of its core construction capabilities, especially in mechanical, electrical, and plumbing services. Management estimates that MEP typically accounts for 30-35% of standard project value but rises to at least 60% in data centre builds.

ALEC's subsidiary, ALEMCO, brings deep expertise in MEP execution, while the newly established ALEC Data Centre Solutions business unit specialises in turnkey services across conventional data centre construction, prefabricated modules, and facility modernisation. These capabilities place ALEC at the centre of the region's fast-evolving digital infrastructure landscape, in our view.

Cyclicality, a concern for the sector

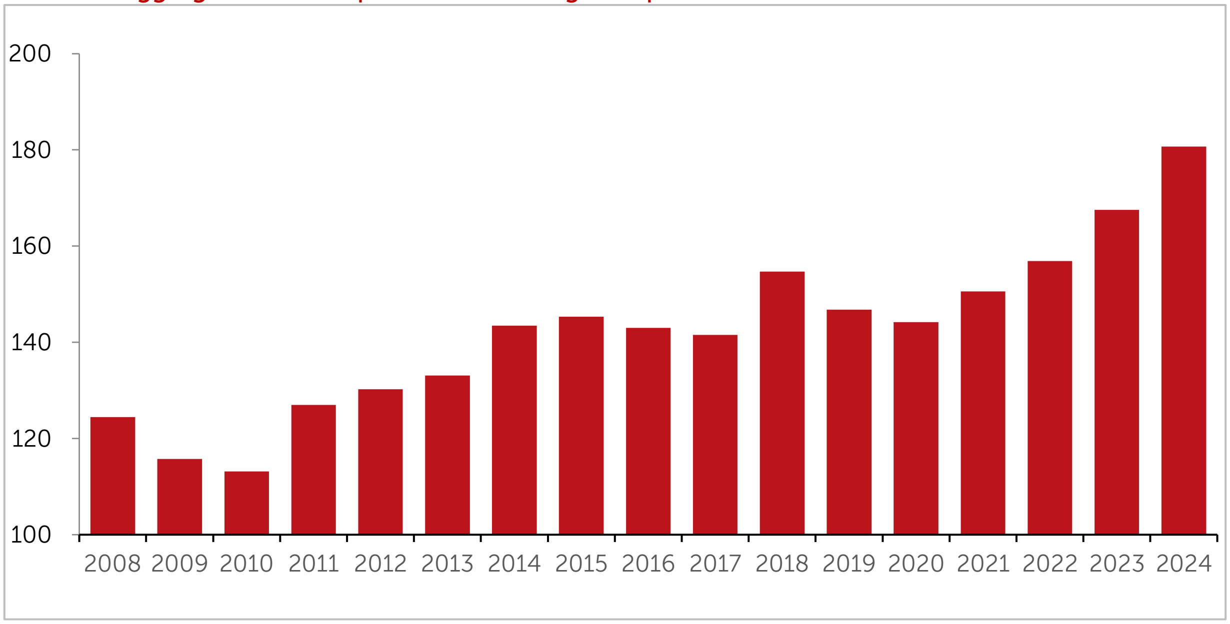
The construction industry tends to follow a cyclical pattern, with performance closely aligned to broader economic shifts. Periods of strong economic growth often coincide with increased construction activity, while downturns generally result in reduced demand. Key factors shaping construction output include economic slowdowns, oil price fluctuations, and elevated interest rates, all of which can dampen investor sentiment and reduce investment.

Although historical data specific to ALEC is unavailable for this assessment, a review of its global peer group suggests moderate sector growth between 2008 and 2024, with aggregate annual revenues rising by around 2.4%. However, revenues declined multiple times during this period. Notable episodes include the Global Financial Crisis of 2008-10, uncertainty surrounding Brexit in 2016-17, and volatility in China's stock market in the same timeframe.

During such turbulent periods, investment in construction tends to slow, and large-scale projects may be deferred or cancelled. Demand across residential, commercial, and infrastructure segments typically weakens, leading to a measurable drop in overall industry output.

The broader construction sector witnessed a strong rebound and expansion following the Covid period, supported by revived infrastructure spending, improved investor confidence, and renewed momentum across residential and commercial development.

Chart 15: Aggregate revenue performance for global peers (USD bn)



Source: Bloomberg, Peers include Webuild, Daewoo E&C, Hyundai E&C, Kier, L&T, Jacobs, Enka, Balfour Beatty, Strabag, AECOM, Skanska, Granite, Sterling, PEAB, EMCOR, NCC

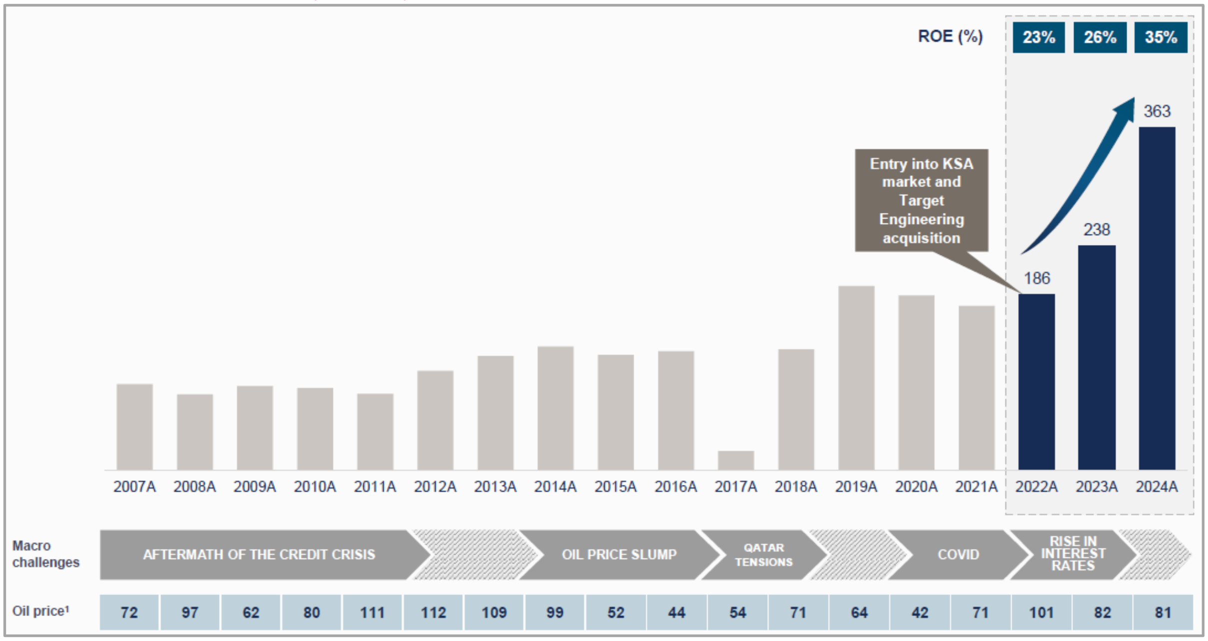
Oil prices hold centre stage

ALEC's annual profit data spanning the last 18 years offers a long-term perspective on its performance through various market conditions. The company experienced minor profit declines in 2008 (Global Financial Crisis), again in 2015, a period marked by record-low crude oil prices, and in 2017, attributed to geopolitical tensions in the region involving Qatar. Aside from these isolated instances, ALEC has been largely resilient across the last two decades, with its core operations apparently shielded from broader economic volatility.

Based on our analysis, ALEC's performance is most sensitive to oil price movements, while other cyclical triggers appear less significant. The company's operating structure demonstrates strength and adaptability, and we consider the likelihood of a major cyclical downturn for ALEC to be low, given the low probability of oil prices falling to 2014 levels and the relative stability in its main operating regions of the United Arab Emirates and Saudi Arabia.

We believe that ALEC's strategic focus on nationally significant and technically complex projects, with no exposure to residential or infrastructure segments, largely insulates it from typical cyclical downturns in the construction sector.

Chart 16: ALEC profitability history, AED m



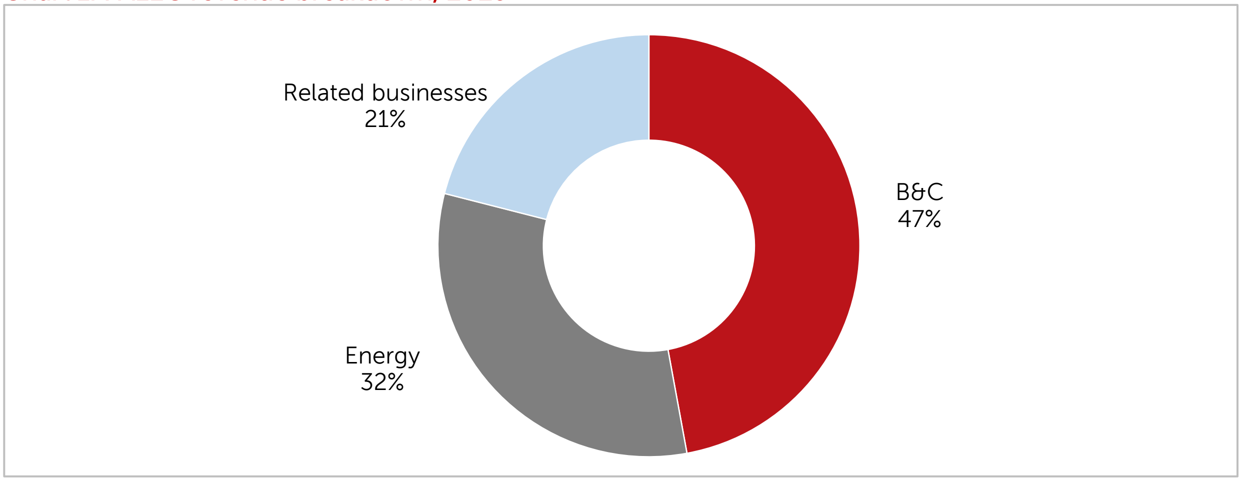
Source: Company presentation

Integrated business units

ALEC offers comprehensive construction services spanning the full lifecycle of a project, from building structural frameworks to specialised installations of mechanical, electrical, plumbing, and rooftop solar systems. ALEC operates through three distinct segments to deliver these solutions:

- Business and Construction (B&C)
- Energy through Target Engineering
- Related businesses

Chart 17: ALEC revenue breakdown, 2025



Source: Company presentation, B&C: Building and construction; Revenue breakdown includes inter-company revenue

ALEC manages several specialised units within 'Related Businesses', each focused on a specific area of expertise. These units are led by experienced teams of professionals whose depth of knowledge and operational strengths enable ALEC to uphold a high standard of service across its diverse offerings, in our view.

Table 14: ALEC business unit: An integrated suite of services

Business	Description	% of total*
ALEC Construction	Oversees the entire lifecycle of construction projects from initial concept to final completion and handover	46%
Target	Leading EPC contractor in the energy and marine segments offering services in onshore and offshore areas	32%
ALEC Fitout	Fitout and refurbishment of development projects.	10%
ALEMCO	Mechanical, Electrical and Plumbing (MEP) company	7%
ALEC Data Centre Solutions	Specialised data centre solutions company	
ALEC Technologies	Fully integrated complex Electronic Low Voltage (ELV) systems	
ALEC Lite	Provider of comprehensive MEP solutions for small projects	
ALEC Facades	Provider of turnkey building envelopes for bespoke and complex projects	6%
LINQ	Manufactured housing solution provider	
ALEC Energy	Turnkey solar energy solutions for commercial and industrial rooftops	
AJI Rentals	Rental operation platform with a focus on the rental, sales and services of aerial work platforms	1%

Source: Company presentation; Revenue share in percentage is rounded and includes internal revenue. *Revenue share as of 2024

B&C: Expert in delivering landmark projects

The Business and Construction segment, also known as ALEC Construction, has consistently demonstrated its ability to deliver complex and iconic projects across a wide spectrum of sectors, including airports, retail, commercial, leisure, and hotels. The business unit is led by a team with deep expertise. This segment focuses on niche projects with high barriers where few competitors operate.

B&C contributed 47% of ALEC Group's total revenue in 2025 (2024: 46%), underscoring its central role in the company's operations. Since its inception, ALEC Construction has successfully completed more than 200 projects.

B&C led some of the GCC's most complex mixed-use, hospitality, retail, themed entertainment, and digital infrastructure projects in 2025. Key projects included Wynn Al Marjan, Qiddiya Speed Park, Aquarabia Water Theme Park, and the first 200 MW phase of the Stargate data centre cluster.

The business is supported by a robust technology infrastructure, including advanced software solutions that facilitate seamless data exchange across project phases. This segment also serves as the foundational entry point for other ALEC business units, establishing the structural skeleton on which specialised divisions are deployed according to project requirements.

Table 15: B&C core offering (as of July 2025)

Segment	Projects
Airports	26
Retail	15, including 3 malls
Commercial	Over 1m m^2 of iconic developments
Complex residential	Over 500K m^2 of high-end luxury projects
Museums & pavilions	36
Sports & entertainment	World-class first concepts
Leisure	Highly complex leisure parks
Hotels	Over 1.5m m^2 of world-class hospitality

Source: Company presentation

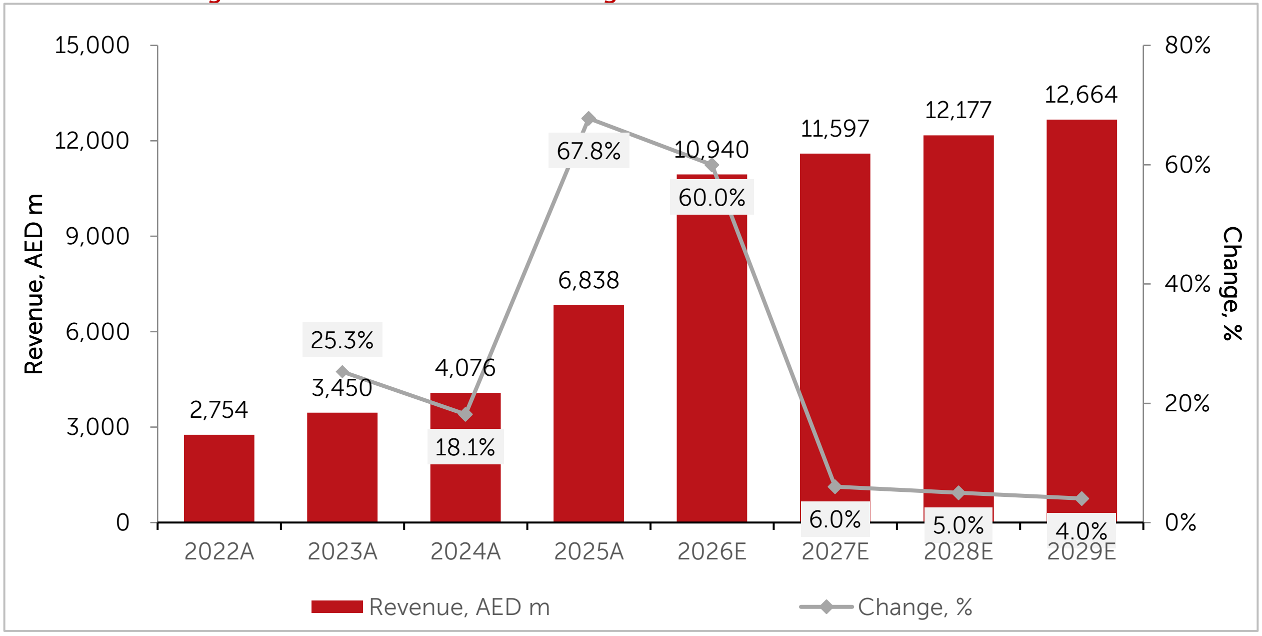
Reported exceptional growth

Building & Construction remains the core engine of ALEC's growth story, with revenue rising from AED 2.75bn in 2022 to AED 6.84bn in 2025, implying a 35% CAGR, driven by accelerated backlog conversion across large-scale, technically complex projects. The company reported exceptional 68% growth in 2025, supported by major ongoing projects including Wynn Al Marjan Island, Stargate Data Centre, Qiddiya Speed Park and Aquarabia.

This momentum carried into 1Q26, with B&C revenue up c.117% YoY to AED 2.88bn, alongside a backlog of AED 13.1bn. In addition, the post-results award of the AED 6.2bn Abu Dhabi Sphere project further strengthens revenue visibility and supports a sizeable forward backlog. Based on the current backlog, 2026E revenue appears largely contracted.

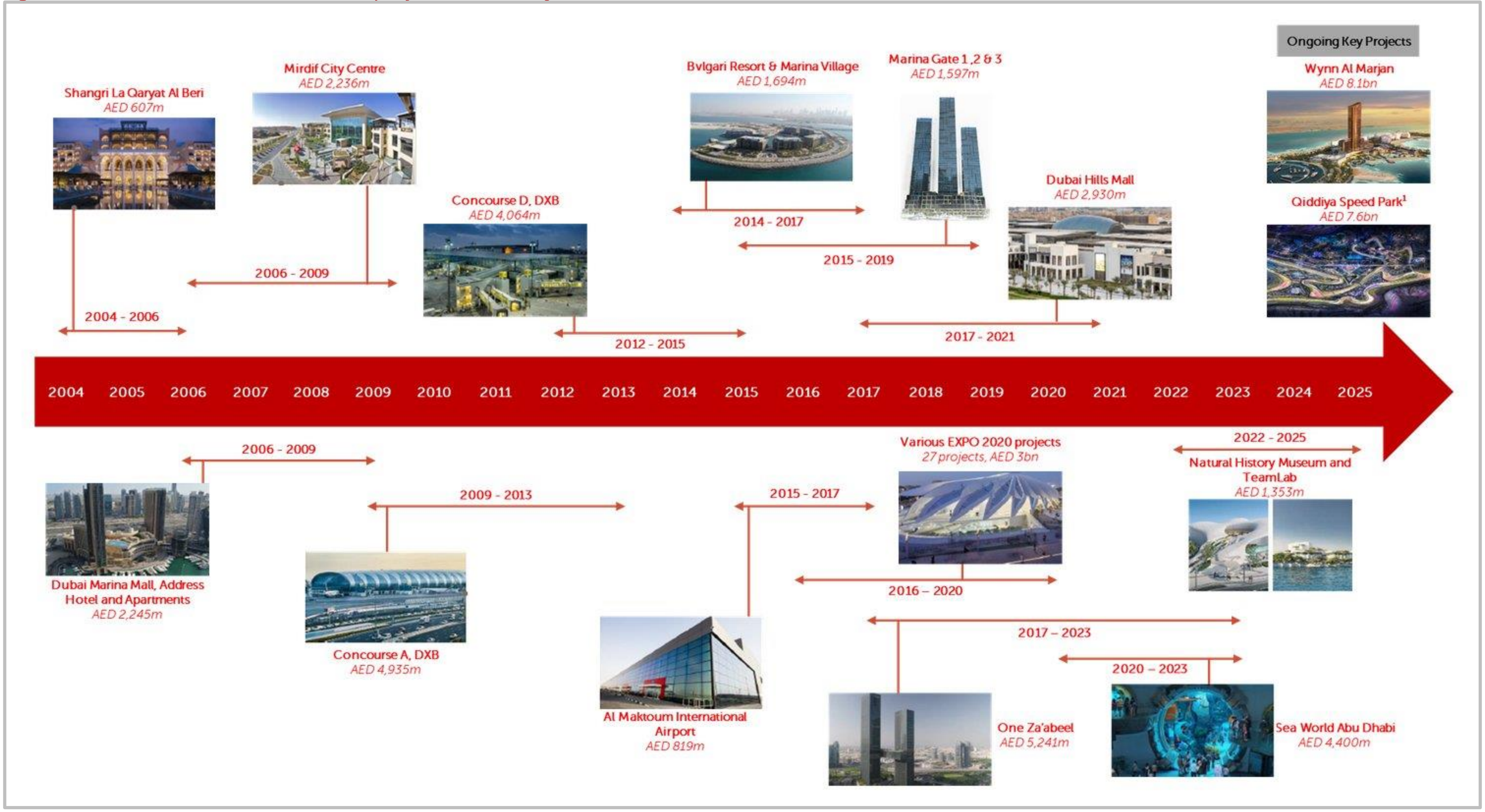
Accordingly, we forecast B&C revenue to increase by 60% YoY in 2026E, supported by the scale-up of major projects anchored in UAE and Saudi national development priorities. From 2027, we expect growth to moderate as the 2025-26 backlog conversion surge normalises, and several large projects move deeper into their execution cycles. Thereafter, we assume a more sustainable 4-6% annual growth rate over 2027-29, reflecting a maturing revenue base after a period of outsized expansion.

Chart 18: Building and construction revenue and growth



Source: Company filings, ADCB estimates

Figure 9: Selected ALEC Construction projects over the years



Source: Company presentation
Note:
1. Contract awarded to El-Seif/ALEC JV of which ALEC's share is 50%

Target Engineering: Energy specialist

Energy Solutions, represented by Target Engineering, accounted for 32% of gross revenue in 2025. ALEC expanded its presence in the energy construction sector by acquiring Target Engineering in 2022. According to industry sources and cash outflow data, the transaction was valued at 0.6x EV/sales based on 2022 reported revenue, a significant discount to the industry multiple of 1.0-1.2x.

Arabtec's financial struggles, intensified by the Covid-19-induced construction slowdown and weak demand, led shareholders to vote for dissolution. Due to limited profitability, the valuation was based on EV-to-sales rather than earnings. ALEC did not officially disclose the deal's value, but we have estimated it based on industry news reports and financial metrics available in ALEC's annual financial report.

Table 16: Target acquisition price assumption

Line item	AED m
Cash outflow	353
Acquired debt	434
Total value	**787**
Target financials	**2022A[1]**
Revenue	1,405
Net income	13
Valuation ratio	
EV/sales	0.6x
P/E	26.3x

Source: Company financials, ADCB. Note: 2022 financials are derived from ALEC's records, based on the assumption that the acquisition of Target Engineering was completed on the first day of the 2022 fiscal year.

Through this deal, ALEC gained strategic access to an experienced workforce of 11,000 personnel, a fleet of 30 marine vessels, and 52,000 square meters of fabrication facilities, significantly enhancing its ability to bid on larger and more complex projects across the energy domain. This sector is especially critical in both the United Arab Emirates and Saudi Arabia, where oil and gas remain core value drivers and major components of their national economies.

Target Engineering, a leading energy contractor with over 50 years of experience, has a well-established customer base consisting of major energy players, government agencies, and regional developers. It contributed 32% of ALEC's total revenue in 2025, supported by a robust project backlog of AED 14.5bn as of March 2026. The company has completed more than 500 projects.

Multi-year capex programme

Most energy clients in the region are national oil companies operating under multi-year capex programmes that are approved and funded independently of immediate market movements. As a result, project activity tends to remain steady, even when oil prices are under pressure.

Expansionary gas projects and sizeable capex programmes across upstream and downstream energy markets should provide ALEC with a strong growth platform through Target Engineering. In the UAE, ADNOC's large-scale EPC pipeline across offshore, upstream, and gas projects supports sustained demand for specialist energy contractors.

In Saudi Arabia, Aramco's gas expansion, refinery upgrades, and downstream investments should drive multiyear EPC opportunities. This broad energy pipeline adds depth to ALEC's backlog potential and diversifies growth beyond its core building and construction segment.

Table 17: Project pipeline and ADNOC and Aramco

	أدنوك ADNOC	أرامكو السعودية saudi aramco
Capex	$150bn (AED 551bn) capex plan for 2026-30	Capex of $53bn in 2024 and $52bn in 2025, and guided for $50bn to $55bn in 2026
Reserves	120bn stock tank barrels of oil and 297tn standard cubic feet of gas	Aramco's reserve base stood at 247.2bn barrels of oil equivalent (boe) as of December 2025
Crude production (mbpd)	2024: 2.9 2027: 3.7 Growth: 8%	2024: 9.0 2027: 10.3 Growth: 5%
Natural gas production (bcm)	2024: 60.7 2027: 66.3 Growth: 3%	2024: 145.5 2027: 155.6 Growth: 2%
Key expansion projects	Ghasa concession: Expected to produce 1.8bn scf/day of gas + 150K barrels per day (BPD) of oil & condensate SARB deep gas: Up to 200m scf/day; new offshore platform + 4 wells tied back to Das Island TA'ZIZ: USD 1.99bn PVC complex EPC award; 1.9mtpa, targeted Q4 2028 completion	Jafurah: Up to 2bn scf/day sales gas by 2030 Downstream pipeline: Samref agreement signed to evaluate Yanbu refinery upgrade + integrated petrochemical complex

Source: Company presentation

We believe Target Engineering and ALEC are well-positioned to benefit from this evolving energy landscape and ongoing capacity expansion plans, supported by longstanding partnerships with both ADNOC and Aramco. ALEC proven record of delivering large, technically sophisticated projects across conventional and emerging energy domains strengthens its ability to capture multiyear EPC opportunities, in our view.

Target acquisition pushed growth

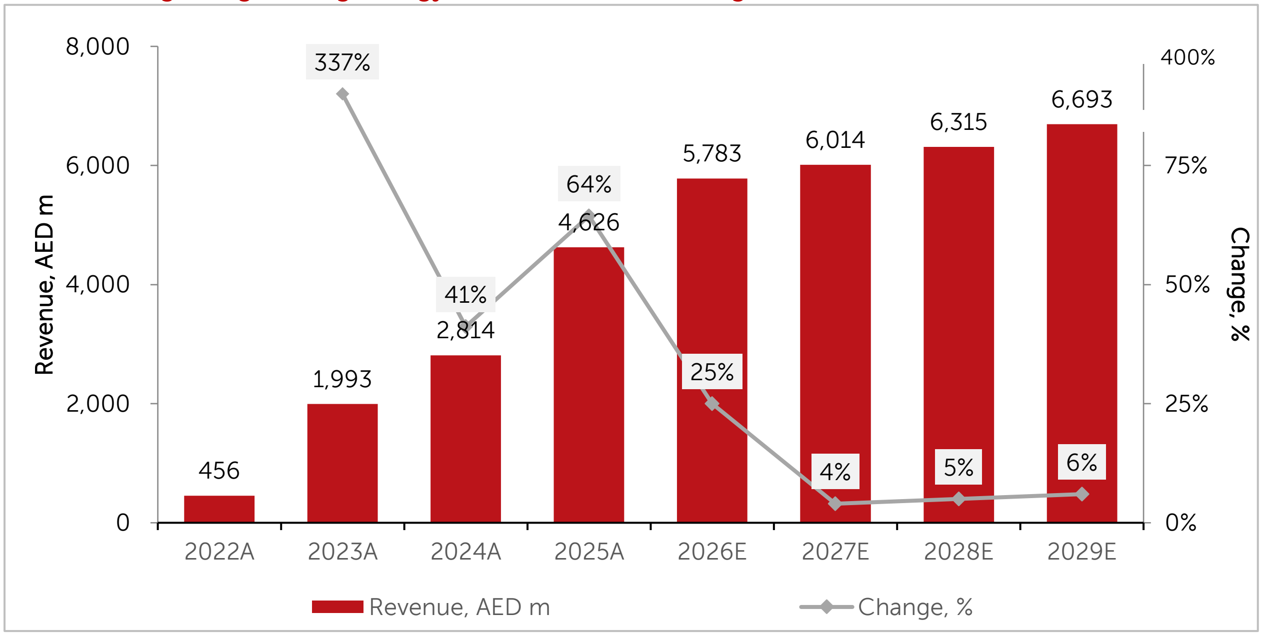
Energy Solutions has become ALEC's fastest-scaling growth segment following the acquisition of Target Engineering in 2022. Segment revenue increased from AED 456m in 2022 to AED 4.63bn in 2025, implying a c.116% CAGR, albeit from a low 2022 base, as Target was consolidated only after the acquisition.

Following the acquisition and full consolidation of Target, revenue increased 337% in 2023. Growth was driven by the rapid expansion of Target Engineering's offshore and onshore EPC platform, supported by major ADNOC-related projects, including Upper Zakum, Lower Zakum and Borouge, as well as strong execution across marine, oil and gas, industrial and infrastructure works.

Momentum remained strong in 1Q26, with Energy revenue up 74% YoY to AED 1.50bn, supported by continued infrastructure progress and backlog conversion. As of 31 March 2026, Energy backlog stood at c. AED 13.3bn, providing solid revenue visibility. The outlook was further strengthened after the 1Q26 results, when Target Engineering secured three new EPC contracts with a combined value of around $500m, or c. AED 1.8bn. These awards should progressively support revenue recognition over the execution period and, in our view, reinforce Target's position as a leading regional EPC contractor.

Accordingly, we expect Energy revenue growth to remain robust at 25% YoY in 2026, supported by a sizeable and secure backlog and contributions from newly awarded EPC contracts. From 2027, we expect growth to moderate as the 2025-26 backlog conversion cycle normalises, while the segment continues to benefit from sustained regional investment in energy infrastructure.

Chart 19: Target Engineering/Energy Solutions revenue and growth



Source: Company filings, ADCB estimates

Table 18: Target Engineering landmark projects

Project	Client	Value	Scope of work	Project Duration
 Borouge 4 – Ethane Cracker	بروج Borouge	AED 5.7bn/ AED 1.8bn (Target Engineering)	Detailed EPC, pre-commissioning and commissioning of installation of ethane cracker unit with 1.5m tons of capacity per year	Jan 2022– project start Q3 2026 – anticipated completion
 EPC work for 1.2mmbd Phase 1 & 2	أدنوك ADNOC	AED 4.8bn	Construction of modularised water injection plants, produced water treatment plants and disposal pumps, and crude oil transfer pumps, among others	Mar 2024 – project start Q2 2028 – anticipated completion
 Upgrade sulphur recovery unit	aramco	AED 289m	Underground pressurised piping works, civil works, piping erection works, E&I works, steel structure erection works, insulation works, shop and site painting works	Nov 2024 – project start Q3 2026 – anticipated completion

Source: Company presentation

Related Businesses: Specialised units

ALEC's Related Businesses segment accounted for 21% of gross revenue in 2025. This segment enhances the company's investment case by broadening its addressable opportunity beyond core construction and deepening client engagement across the project lifecycle.

The segment comprises multiple specialist units offering fitout, refurbishment, theming, MEP and ELV systems, data centres, façades, modular buildings, solar solutions, and equipment rentals and maintenance. These capabilities operate alongside ALEC's core construction platform, enabling the company to provide integrated solutions, capture a larger share of project expenditure, and strengthen relationships with key clients.

Importantly, given the specialist nature of these services and the technical capabilities required to deliver them, the Related Businesses segment typically carries higher margins than traditional construction activities, supporting overall profitability and improving the quality of ALEC's revenue mix.

Notably, we expect the share of specialised Related Businesses within total revenue to increase, supported by demand for higher-margin services such as MEP, data centres, modular solutions, fitout, façades, and solar energy installations.

Related Businesses comprise ALEMCO, ALEC Fitout, ALEC Data Centre Solutions, ALEC Technologies, ALEC Lite, ALEC Solutions, including Facades, LINQ Modular and ALEC Energy, as well as AJI Rentals. We discuss the key business units below.

ALEMCO

ALEMCO is a specialist MEP contractor supporting critical and fast-track projects through integrated electrical, mechanical, and plumbing capabilities. The business also uses modular libraries, which are standardised, repeatable building components and design templates produced off-site to improve quality control, accelerate manufacturing, reduce on-site labour, and shorten project timelines.

ALEMCO's capabilities are increasingly relevant to data centres, where ALEC operates through a dedicated business unit and has invested in high-density cooling systems, power redundancy architecture, advanced controls integration, and rapid commissioning protocols to capture rising demand for digital infrastructure.

Overall, we believe ALEMCO is well-positioned to enhance its contribution to ALEC Holdings' margins and competitive differentiation through growth in critical and data centre projects, scaling of design and engineering capabilities, expansion of e-house and modular solutions, and continued digital transformation.

ALEC Data Centre Solutions

The GCC is entering a structural data centre investment cycle, with cumulative data centre spending expected to reach AED 312bn between 2025 and 2033 and annual deployments projected to increase around sixfold over the period.

Against this backdrop, ALEC established ALEC Data Centre Solutions (ADCS) in 2025 to capture this opportunity through a dedicated platform focused on hyperscale infrastructure, modular construction, advanced engineering, and fast-track delivery.

Through ADCS, ALEC offers a broad suite of integrated services for data centre construction, strengthening client relationships by providing a single point of engagement across design, engineering, construction, MEP, prefabrication, and project controls.

ALEMCO provides advanced MEP systems, including immersion cooling, while LINQ supports off-site prefabrication. Digital project controls further enhance execution by providing real-time visibility into schedule and cost performance.

ADCS is currently constructing Phase 1 of Stargate, a 200 MW hyperscale facility, with completion targeted in 2026 under a 19-month delivery schedule, a demanding timeline for a project of this scale and complexity.

Looking ahead, ADCS's strategy is to:

- Deliver Phase 1 of Stargate within the agreed timeline, prepare for Phase 2 and the broader 1 GW expansion.
- Selectively pursue data centre tenders across the UAE, Saudi Arabia, and the wider region.
- Deepen integration across ALEC Holdings' specialist businesses, including ALEMCO, LINQ, ALEC Technologies, and ALEC Energy to offer bundled client solutions and capture premium pricing.

Overall, ALEC is working to increase its exposure to higher-margin technical work and strengthen its positioning in one of the region's fastest-growing infrastructure verticals.

ALEC FITOUT

ALEC Fitout, established in 2009, has built a reputation as a specialist in luxury, large-scale, and complex fitout works. The segment has been a key contributor to ALEC's niche positioning in the construction services market, having delivered more than 100 high-end projects with a total value of AED 7.5bn. Its portfolio spans themed sculptures, artistic installations, museums, cultural exhibitions, luxury hospitality spaces, and major refurbishment works.

ALEC Fitout is one of the region's few highly specialised fitout players, serving as a strategic partner to leading developers and government entities across the GCC. Its capabilities are increasingly relevant as the Middle East enters a destination building cycle, with major leisure, cultural, hospitality, and mixed-use developments underway or planned, including Qiddiya, Diriyah, NEOM, The Red Sea, Amaala, and other large-scale tourism and entertainment destinations.

This accelerating demand for experiential design and premium interiors position ALEC Fitout well within ALEC Holdings' broader strategy of targeting complex, higher margin projects, in our view. The business has demonstrated its execution strength through delivery of flagship projects across luxury hospitality, museums, cultural venues, and themed entertainment.

ALEC Fitout has won multiple awards for interiors. Its consistent record of timely delivery across demanding, high-specification projects has reinforced its reputation for reliability and quality. We believe this track record has deepened client confidence and supported ALEC's ability to secure additional high-value contracts in the luxury, institutional, and destination development segments.

Benefiting from specialist demand

Related Businesses is a key integration lever for ALEC. Its revenue increased from AED 741m in 2022 to AED 3.05bn in 2025, implying a c.60% CAGR, supported by the scale-up of its specialist business units. We believe this growth story is underpinned by ALEC's ability to bundle specialist capabilities into large, complex projects, particularly in data centres, luxury hospitality, museums, leisure and mission-critical assets.

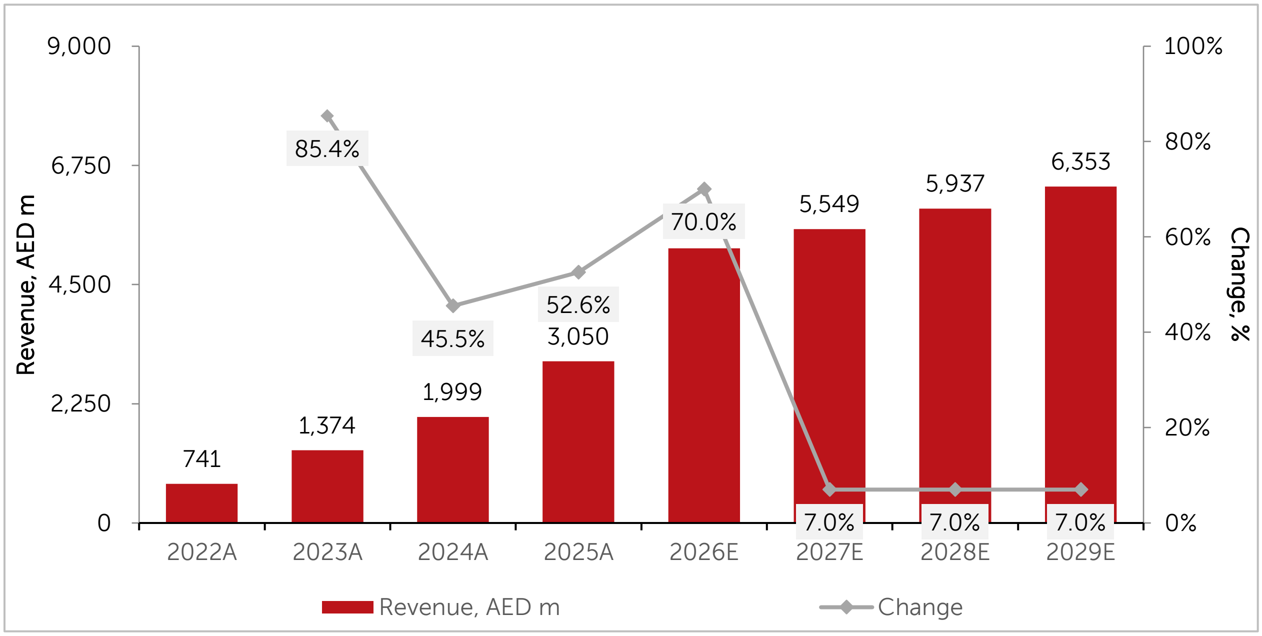
Momentum remained strong in 1Q26, with Related Businesses revenue up 155% YoY to AED 1.3bn, supported by increased platform integration and demand for specialist capabilities. As of 31 March 2026, ALEC's total backlog stood at AED 26.7bn, with Related Businesses accounting for 1%. However, the disclosed standalone backlog does not fully capture the segment's economic role.

ALEC's integrated delivery model means large B&C projects typically draw on multiple related business units, including MEP, fitout, data centres, façades, modular solutions, technology systems and equipment rental. Large projects often involving several service lines.

The outlook is further supported by the award of the USD 1.7bn Sphere Abu Dhabi project. Sphere Abu Dhabi is a large-scale, next-generation immersive entertainment venue planned in Abu Dhabi. Although the company has not disclosed the segment split, the project should require substantial MEP work given its technology-intensive nature and the need for complex cooling, ventilation, power distribution, building automation, acoustic controls, lighting and AV systems. This suggests that the technical nature of the project should create meaningful pull-through opportunities for Related Businesses across MEP, fitout, technology systems, façades and specialist delivery. Therefore, we believe a large portion of the backlog currently reported under B&C could require support from Related Businesses.

We expect Related Businesses revenue to increase 70% in 2026, supported by continued execution on Wynn Al Marjan specialist fitout packages, data centre-related works and Sphere. From 2027, we expect growth to moderate as the 2025-26 ramp-up normalises. Importantly, the segment should continue to outpace the broader company over the medium term, supported by higher-margin specialist work and increasing pull-through from ALEC's integrated project delivery model.

Chart 20: Related Businesses revenue and growth



Source: Company filings, ADCB estimates

Specialised work carries higher margins

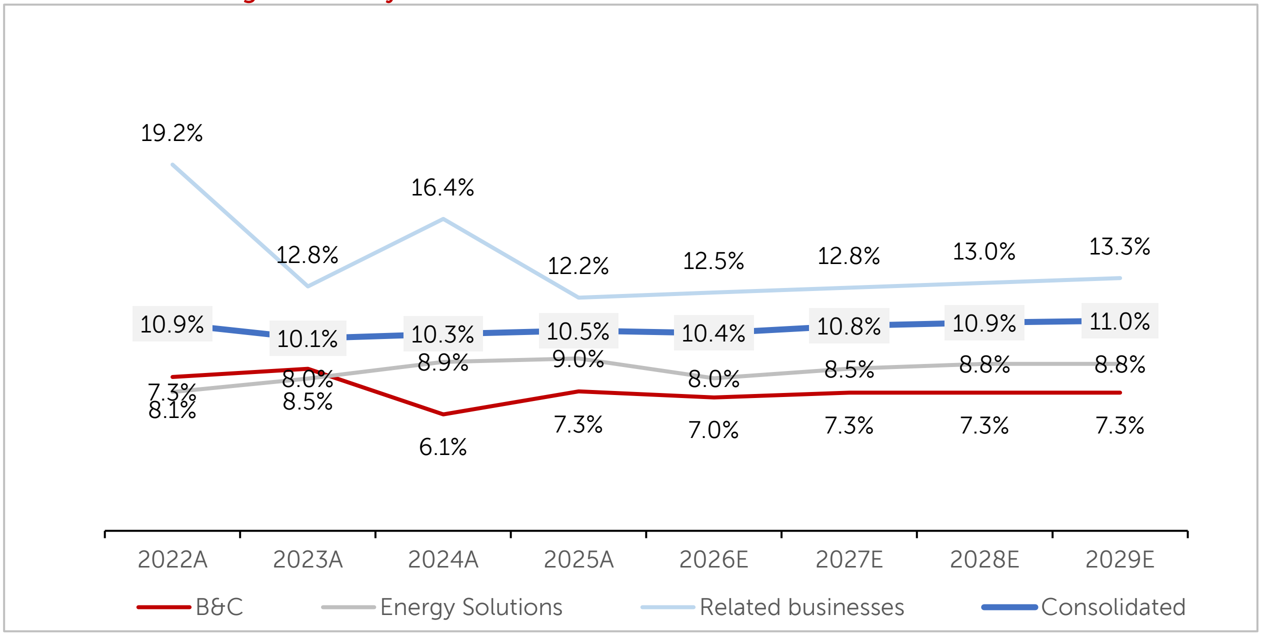
Related Businesses consistently operates at a higher margin than ALEC's core contracting activities, although margins can vary with project phasing and mix. The margin premium is structural. Building & Construction is the group's scale engine, but it is more labour, material and subcontractor intensive. Energy Solutions generates better margins than B&C, supported by Target Engineering's EPC capabilities, marine works and oil and gas specialisation.

Related Businesses, however, sits higher in the value chain. It provides specialist services across MEP, fitout, data centres, ELV and technology systems, façades, modular solutions, solar and equipment rental. These activities command better pricing because they require technical expertise, design integration, precision delivery and are less commoditised. We therefore see Related Businesses as a key driver of margin expansion for ALEC.

Related Businesses delivered an unusually high gross margin of 19.2% in 2022, on the back of a smaller revenue base and a favourable mix of specialist, higher-value work across fitout, MEP, modular solutions and other value-added services. As the segment scaled in 2023, revenue nearly doubled, and gross margin normalised to 12.8%, reflecting a broader project mix. Even so, Related Businesses remained the highest-margin business unit, reinforcing its role as a margin accretive lever for the group.

Overall, as the segment's revenue contribution increases, it should support expansion in consolidated gross margin. We forecast Related Businesses' gross margin to rise from 12.2% in 2025 to 13.3% by 2029, while its share of group gross revenue should increase from 21% to 25% over the same period. Consequently, we expect group gross margin to improve from 10.5% to 11.0%.

Chart 21: Gross margin summary



Source: Company filings, ADCB estimates

Figure 10: Related Businesses key projects

ALEC FITOUT

Aquarabia Waterpark, Qiddiya

Marsa Al Arab Luxury Hotel and Residences

Natural History Museum Exhibition Fitout

ALEMCO

Qasr Al Sarab, Abu Dhabi

Data Centre, Stargate Phase 1 200MW

TeamLab

ALEMCO | ALEMCO, ALEC FACADES, ALEC DATA CENTER SOLUTIONS, ALEC LITE | ALEMCO, ALEC LITE, ALEC TECHNOLOGIES

ALEC Solutions

Guggenheim
DCT, Abu Dhabi
ALEC FACADES

Sindalah
NEOM, KSA
LINQ

Dubai Hills Mall
EMAAR, Dubai
ALEC ENERGY

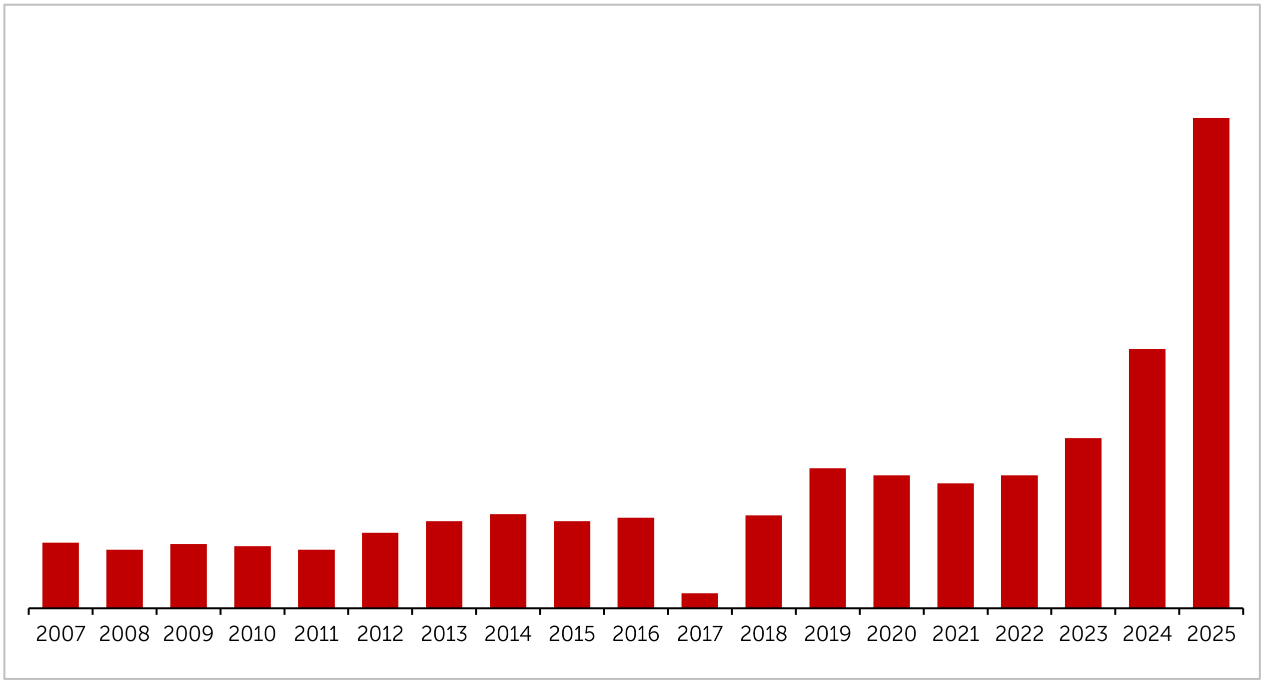
Source: Company filings, ADCB estimates

Consistent profitability and cash generation

ALEC has maintained a strong and consistent record of profitability, delivering net profits every year since 2007 across all macro challenges, most recently the Covid pandemic and higher interest rates. This performance has supported positive annual operating cash flows, except for 2017. That year, ALEC was awarded a major project in Qatar but subsequently withdrew following diplomatic tensions between the United Arab Emirates and Qatar. As a result, both revenue and profit declined in 2017, and the company faced temporary disruption while redeploying resources allocated to the cancelled project.

The reduced profitability resulted in negative operating cash flow for the year, marking a one-off deviation from ALEC's otherwise disciplined financial and operational track record, which has been underpinned by prudent working capital management.

Chart 22: ALEC profitability history, net profit (AED m)



Source: Company presentation

2022: Transformational year

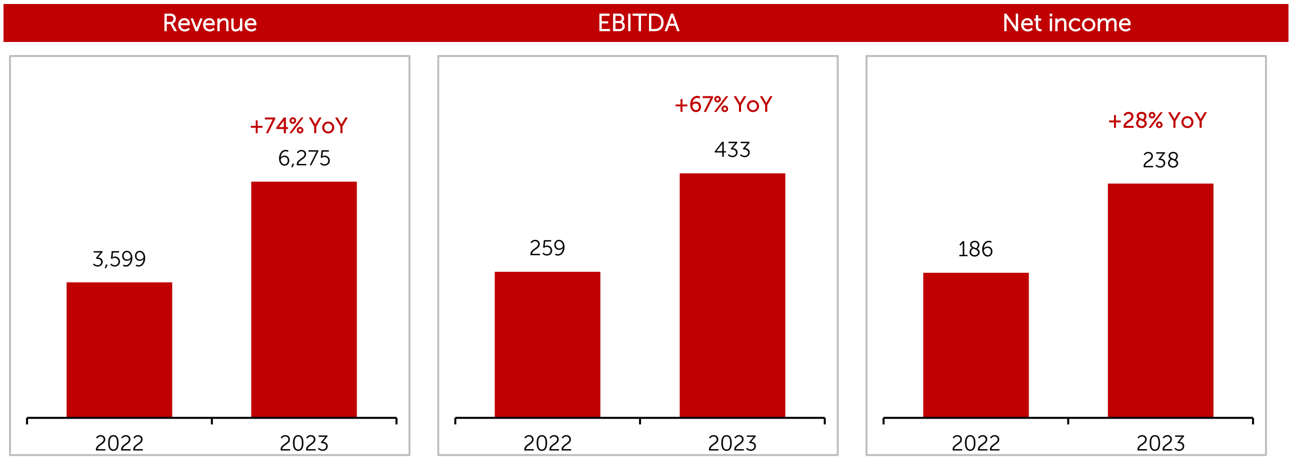
ALEC made two transformative strategic decisions in 2022 that have significantly reshaped its operational and financial profile. The company entered the Saudi Arabian market and acquired Target Engineering. The expansion into Saudi Arabia provided access to new opportunities and positioned ALEC for long-term growth in a geography characterised by rapid development and a robust pipeline of large-scale projects, supported by multiple events scheduled in the medium-term.

Through Target Engineering, ALEC scaled up its capabilities in energy construction and deepened its market reach, enabling greater collaboration with regional powerhouses such as ADNOC and Aramco.

ALEC exhibited steady growth and strong cash flow generation before 2022. Since then, the company has achieved a step-change in scale and performance, driven by increased diversification and sustained development momentum. The backlog grew from AED 8.6bn in 2022 to AED 22.1bn in 2023, up 160%, while revenue increased from AED 3.6bn to AED 6.3bn for reported growth of 74%, highlighting a significant acceleration.

These strategic moves have expanded market share and placed ALEC firmly on a high-growth trajectory, in our view. The following section will detail key historical metrics and forward-looking estimates.

Chart 23: Financial re-rating following the Target acquisition (AED m)



Source: Company filings

Revenue: Impressive near-term growth, mostly covered by current backlog

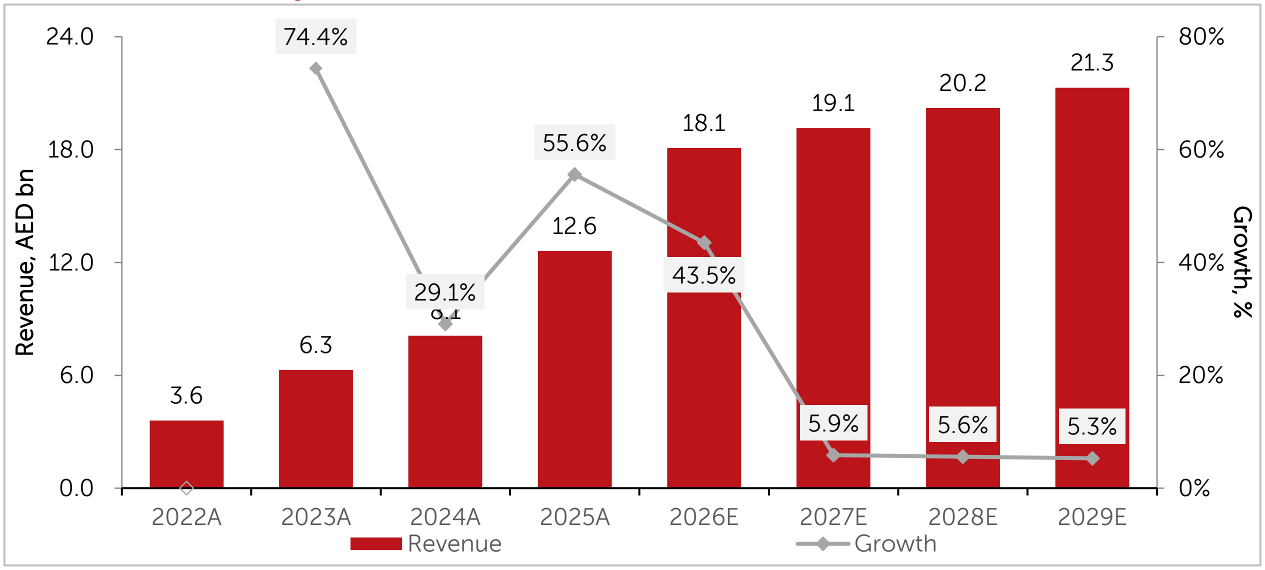
ALEC recorded robust revenue growth over the past three years, with revenue increasing at a 52% CAGR between 2022 and 2025. This momentum was largely driven by the company's strategic entry into Saudi Arabia, the acquisition and integration of Target Engineering, and elevated construction activity across the UAE and KSA.

The Energy segment has played an increasingly central role, supported by multiple awards related to ADNOC Offshore and ADNOC Gas since 2022. These wins have significantly increased the revenue contribution from energy-related projects, while ALEC's entry into KSA, the award of major projects and the execution of several large-scale developments have reinforced the company's growth trajectory over the past two years.

Revenue in 1Q26 rose 87% YoY to AED 4.61bn, reflecting strong execution across several key projects. Growth was supported by continued progress on major developments, including Wynn Al Marjan, Qiddiya Speed Park, Qiddiya Water Park and the MISK Ilmi Centre. We expect this momentum to continue through the remainder of 2026, backed by a sizeable backlog and strong visibility from already awarded contracts. Accordingly, we forecast revenue growth of 44% in 2026.

From 2027, we expect revenue growth to moderate as the 2025-26 backlog conversion cycle normalises. Management guidance points to medium-term revenue growth of 7% to 8%, broadly in line with underlying market activity and a more mature revenue base.

Chart 24: Revenue and growth



Source: Company presentation, ADCB estimates

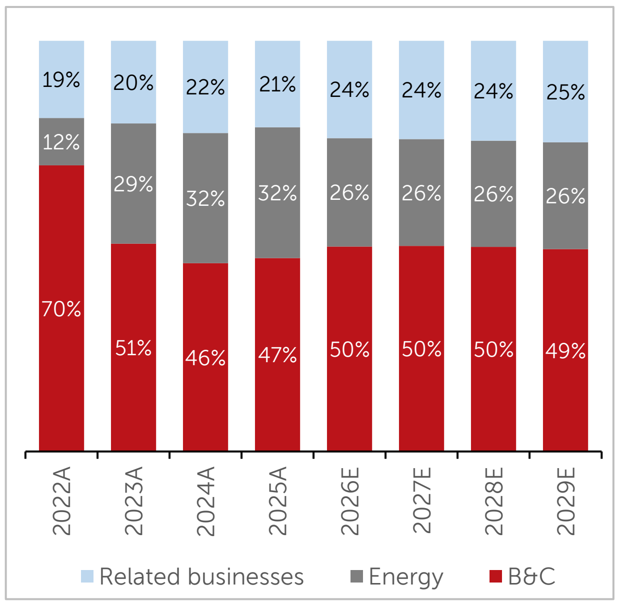
ALEC's revenue profile evolved significantly after 2022, with the Energy segment rising from 12% of total revenue in 2022 to 29% in 2023 and reaching 32% by 2025. This increase reflects multiple contracts carried out by Target for ADNOC and Aramco.

ALEC Fitout and ALEC Facades also expanded, lifting the Related Businesses' share from 19% in 2022 to 21% in 2025. Management expects this segment to continue gaining share.

We assume that Related Businesses can contribute up to 25% of revenue by 2029, supported by new data centre contracts that require involvement from Related Businesses units such as ALEMCO and ALEC Data Centres. This growth is also driven by increased demand for high-end fitout services for premium hotels, malls, and museums. Additionally, Related Businesses demonstrates higher profitability compared to B&C.

Altogether, we estimate that ALEC's strategic move in 2022 to enter the KSA and acquire Target lowered its reliance on the UAE B&C segment, reduced segmental concentration risk, and diversified its revenue stream, helping mitigate exposure to cyclicality.

Chart 25: ALEC revenue evolution



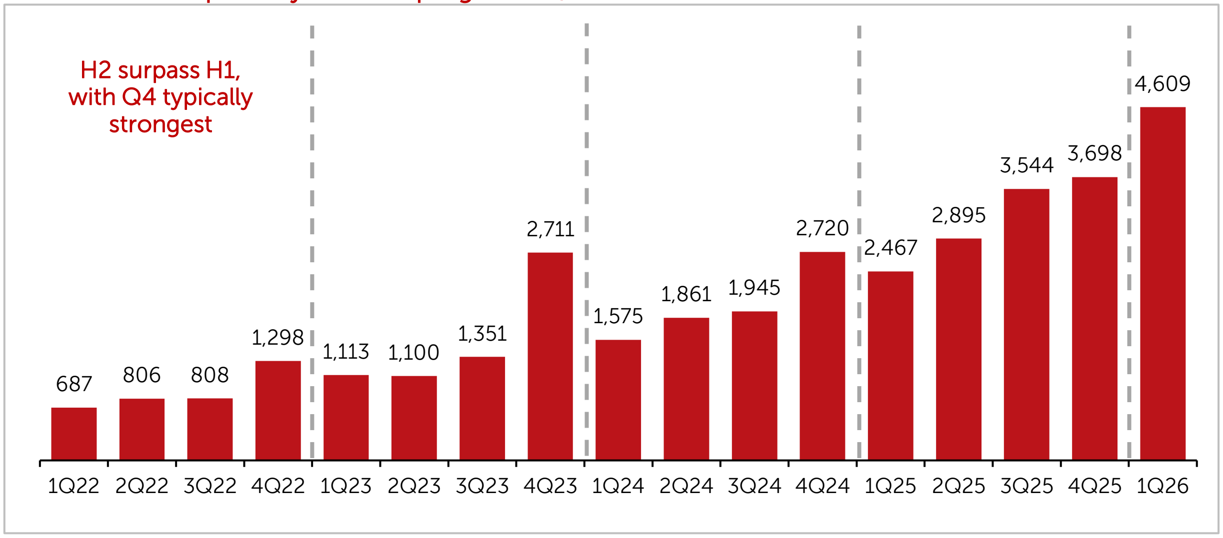
Source: Company presentation, ADCB estimates. B&C: Building and infrastructure construction services; includes intercompany revenue

Fourth quarter contributes the most to overall top line

Construction activity in the UAE and KSA tends to follow a seasonal pattern, with 4Q typically the strongest for both revenue and profitability. This is largely due to the handover of major projects, and final invoicing often occurs toward year-end. In contrast, 1Q is generally softer, reflecting a transition period after 4Q completions. During 1Q, project teams are redeployed to new or early-stage sites.

This seasonal dip is more pronounced when 1Q overlaps with Ramadan, a time marked by reduced productivity due to shorter working hours. ALEC's use of IFRS-compliant percentage-of-completion accounting means revenue and margins are recognised progressively, but full margin realisation usually aligns with project handover. This creates a catch-up effect, late in the project lifecycle, reinforcing 4Q strength.

Chart 26: ALEC quarterly revenue progression, AED m



Source: Company presentation, ADCB

Improving EBITDA margin

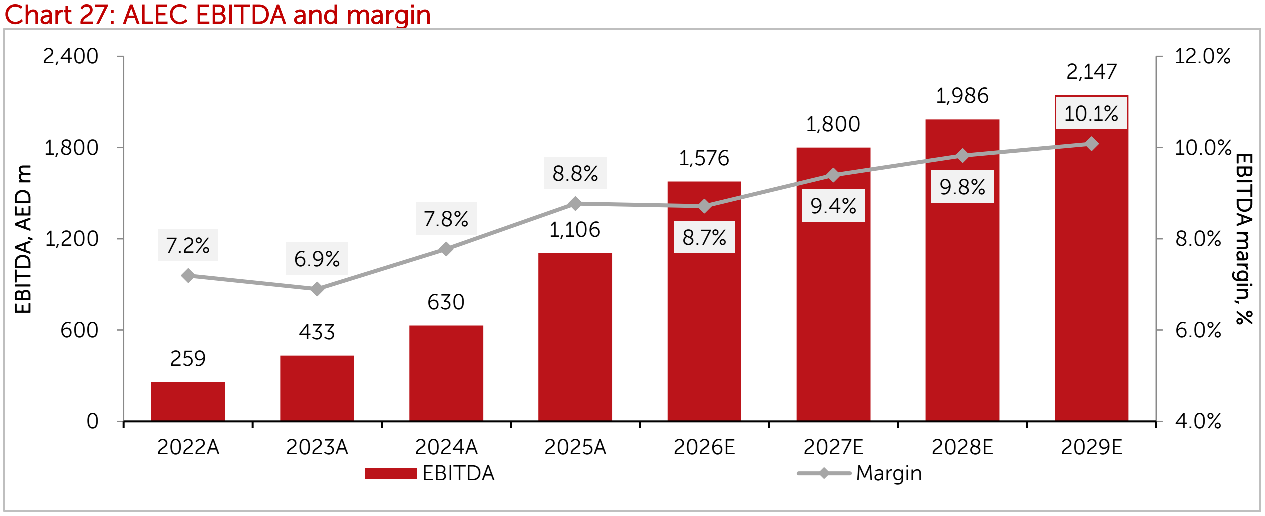
ALEC's EBITDA margin has undergone notable shifts in recent years. The company reported an EBITDA margin of 7.2% in 2022, which declined to 6.9% in 2023 following the acquisition and consolidation of Target Engineering. The initial decline reflected Target's lower-margin profile, integration requirements and higher operating costs at the time of acquisition.

Following restructuring measures at Target, asset upgrades, tighter cost controls and improved operating leverage across the wider group, ALEC's EBITDA margin recovered to 7.8% in 2024. On a pro forma basis (which includes Target's full-year contribution in 2022), EBITDA margin stood at 6.1% in 2022, highlighting a consistent upward trend since the acquisition.

The group reported an EBITDA margin of 8.8% in 2025, up from 7.8% in 2024, supported by economies of scale, disciplined cost control, improved project execution and a higher contribution from specialist, higher-margin businesses.

The company guides EBITDA margin to remain resilient in 2026 at c.8.5%, and a c.150bps medium-term improvement, supported by operating leverage from scaled-up operations and a rising contribution from higher-margin Related Businesses. Our forecast points to an 8.7% margin in 2026, improving to 10.1% by 2029, broadly in line with management guidance.

Chart 27: ALEC EBITDA and margin



Source: Company filings, ADCB

Margin on par with global players

The peer group median stood at around 8.8% in 2025, with forecasts indicating similar margins into 2026 and 2027. This puts ALEC broadly in line with global operators at the operating margin level. This is notable given ALEC's materially higher medium-term growth profile. Overall, ALEC offers a combination of high growth and peer-comparable profitability. In our view, this strengthens the equity story.

No direct peers

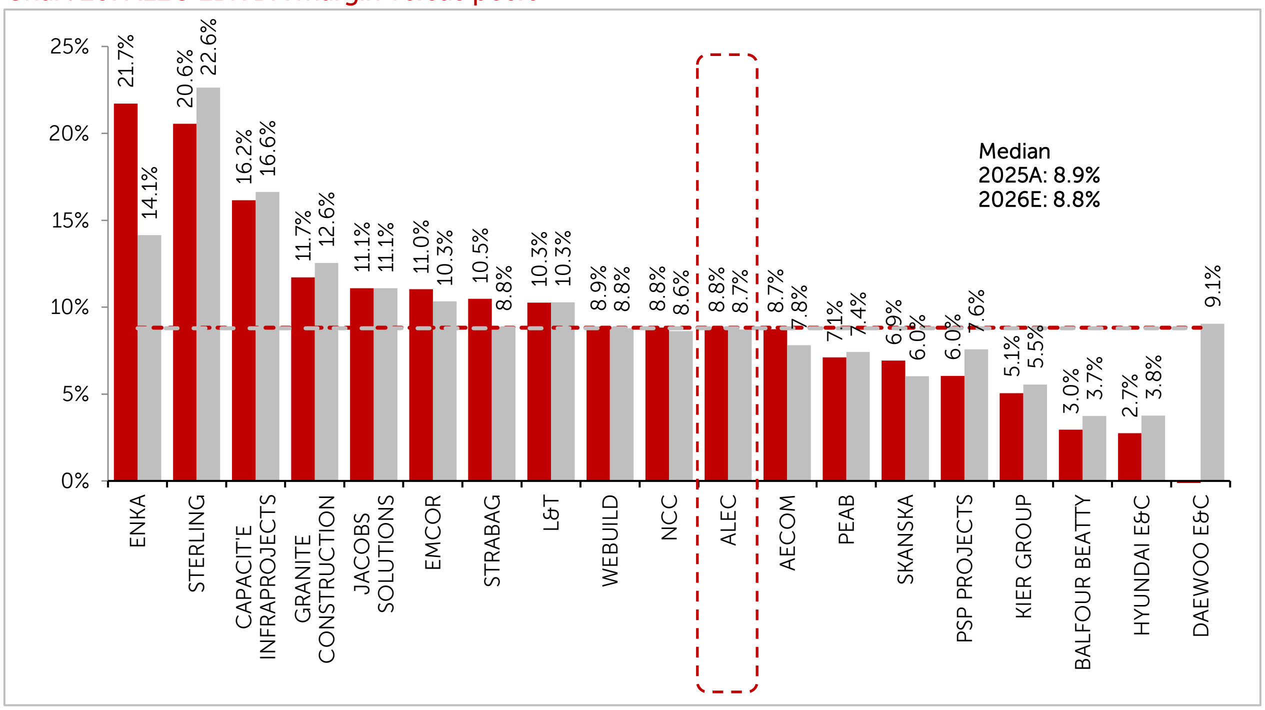
ALEC specialises in technically complex construction projects, with a portfolio that includes landmark developments, projects of national importance, theme parks, upscale residential communities, luxury hotels and expo pavilions. Given the unique nature of its operations, ALEC does not have a direct peer with a comparable portfolio.

While ALEC's EBITDA margin is broadly in line with the median for global players, companies such as ENKA and Sterling Infrastructure report higher margins, mainly due to differences in business mix. ENKA generates a significant portion of its revenue from engineering and construction projects in oil and gas and energy, which typically carry higher profitability.

Sterling's elevated margin is largely driven by its E-Infrastructure segment, which accounts for 59% of total revenue and serves clients across data centres, manufacturing, e-commerce logistics, warehousing and power generation. This segment has an operating margin of 24%, well above the 11% margin for Sterling's other business units. This difference in business focus explains the margin gap between ALEC and these higher-margin peers.

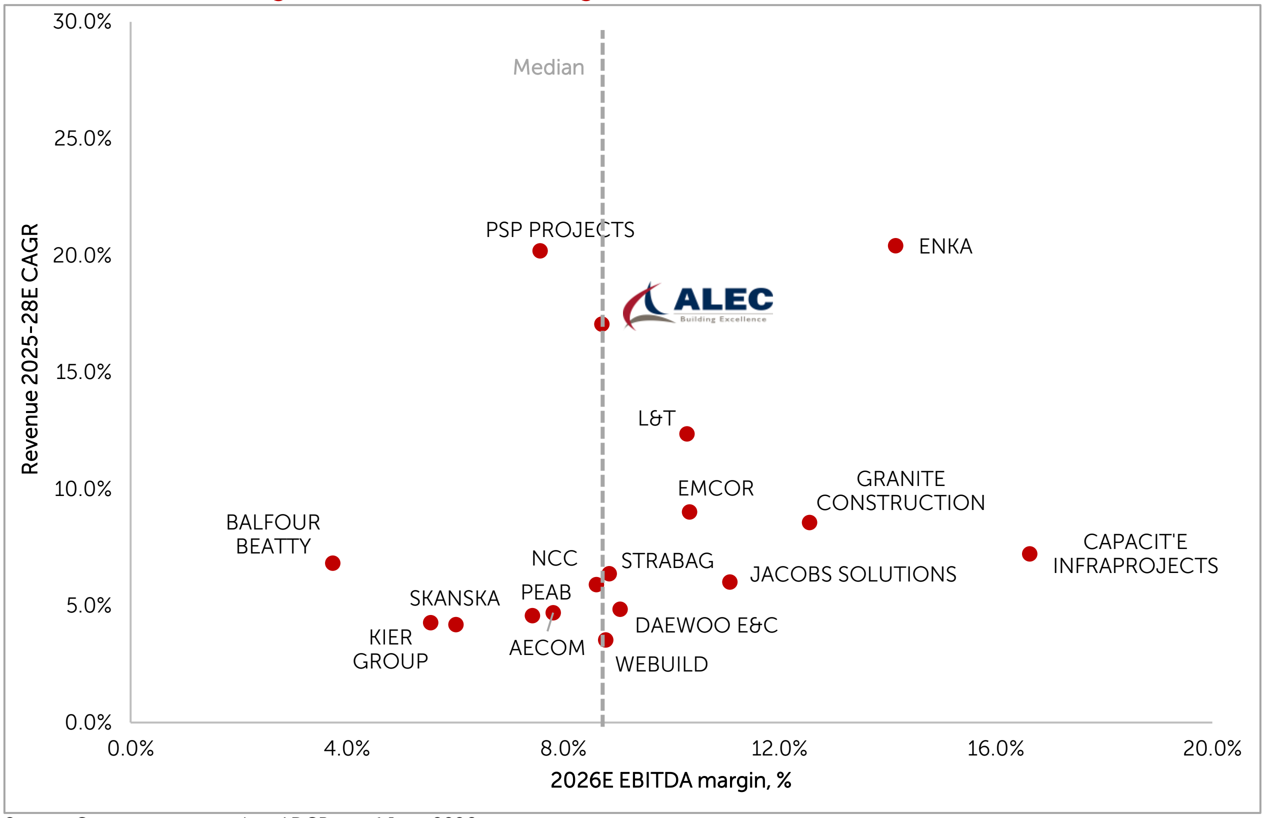
We believe Sterling's higher margin profile highlights the potential upside to ALEC's margins as the company scales its exposure to data centre projects across the GCC, particularly given the specialist, higher-margin nature of digital infrastructure work.

Chart 28: ALEC EBITDA margin versus peers



Source: Company filings, ADCB estimate, Bloomberg, as of June 2026

Chart 29: EBITDA margin versus medium-term growth



Source: Company presentation, ADCB, as of June 2026
NCC, Capacite, L&T, PSP are March FYE, 2026E represents FY27; NCC and Capacite growth is based on a two-year period, 2025-27E.

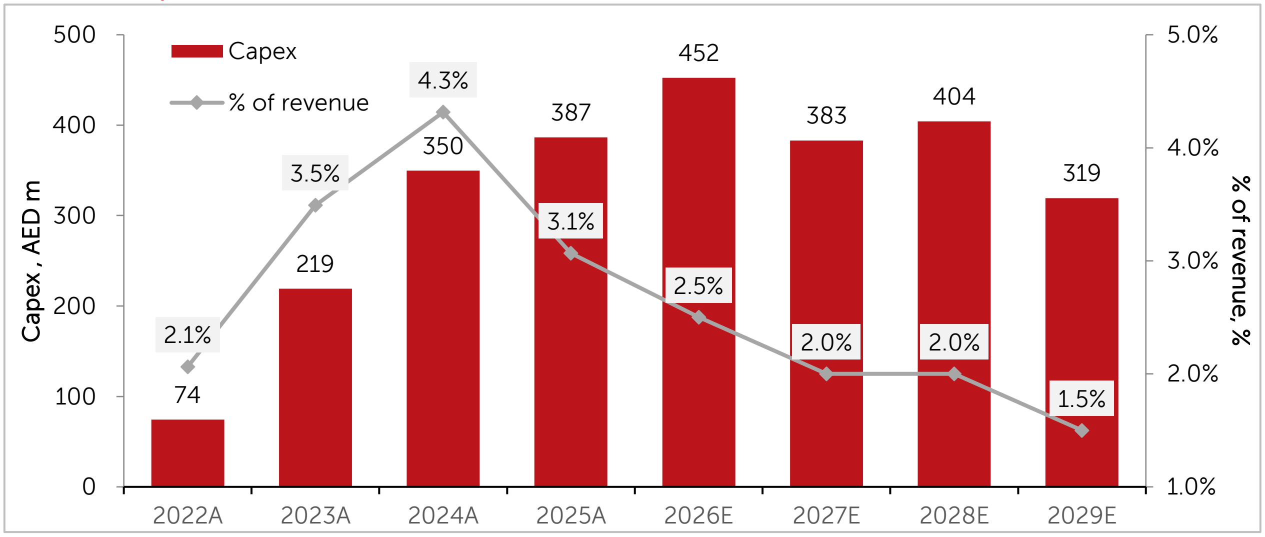
Asset-light model

ALEC operates an asset-light business model and maintains a disciplined, practical approach to capital spending, committing capital only to strategic assets or equipment that enhance long-term operational efficiency. Investment decisions are guided by both financial and strategic considerations.

ALEC incurred AED 74m in capex in 2022, equivalent to 2% of revenue. Capex increased to more than AED 350m in both 2024 and 2025, representing 4.3% and 3.1% of revenue, respectively. The increase was largely driven by catch-up spending in Target Engineering, within the Energy segment. Catch-up capex refers to capital investment made to restore, upgrade or maintain assets following a period of underinvestment.

With these enhancements largely complete, ALEC expects future capex to move closer to pre-Target acquisition levels. Management guides for capex of 2% to 3% of 2026 revenue, gradually declining toward less than 1%, a normalised long-term level over the medium term. Our forecasts are in line with guidance.

Chart 30: Capex



Source: Company presentation, ADCB estimates, excludes purchases of intangible assets

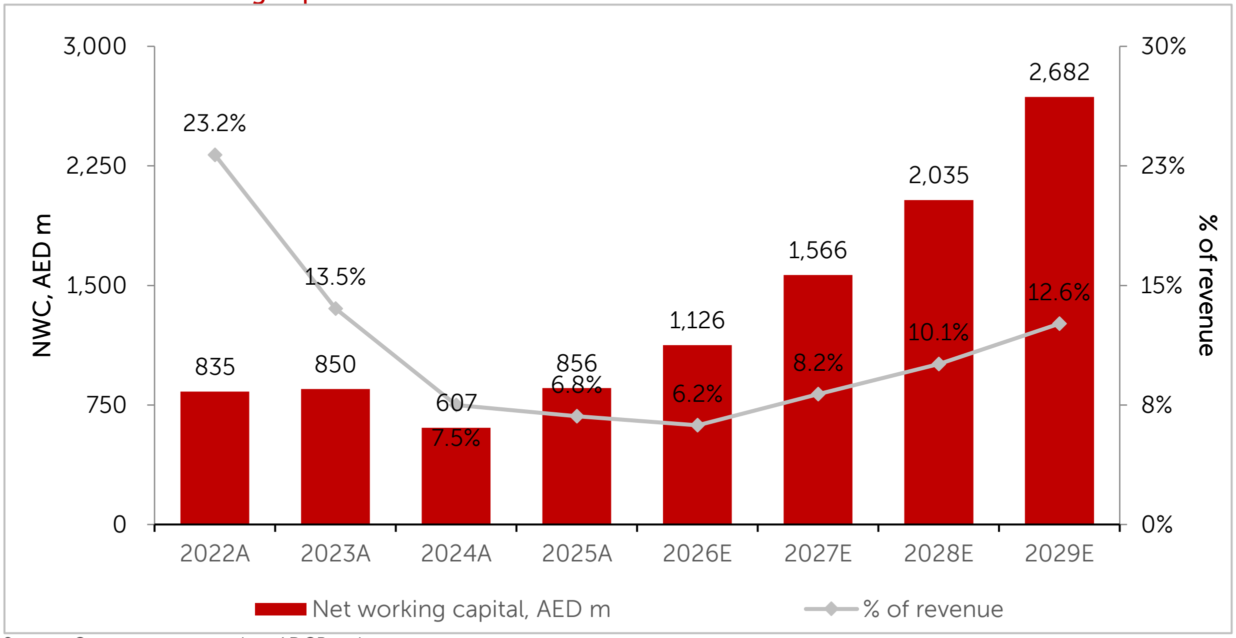
Structured working capital and cash management

Managing working capital is critical for ALEC, given its focus on large-scale projects that involve substantial periodic payments. These payments can cause working capital to fluctuate depending on timing. ALEC mitigates this through structured contract terms, close project-level monitoring, and escalation of delayed collections to senior management.

Net working capital (NWC) remains broadly stable in absolute terms, while declining as a percentage of revenue as revenue scales. The key reason behind the decline in working capital intensity is better cash conversion. ALEC benefits from advance payments, monthly payment applications, relatively short client payment cycles, and subcontracting terms that are aligned with client collections. In simple terms, the company has been receiving more funding from customers and suppliers than it has been locking into receivables.

This structure also supports ALEC's low debt profile. Combined with its asset-light model, efficient working capital funding reduces reliance on borrowings and helps preserve financial flexibility. We expect NWC to stay close to 10% of revenue in our forecasts, allowing for timing volatility across large projects.

Chart 31: Net working capital

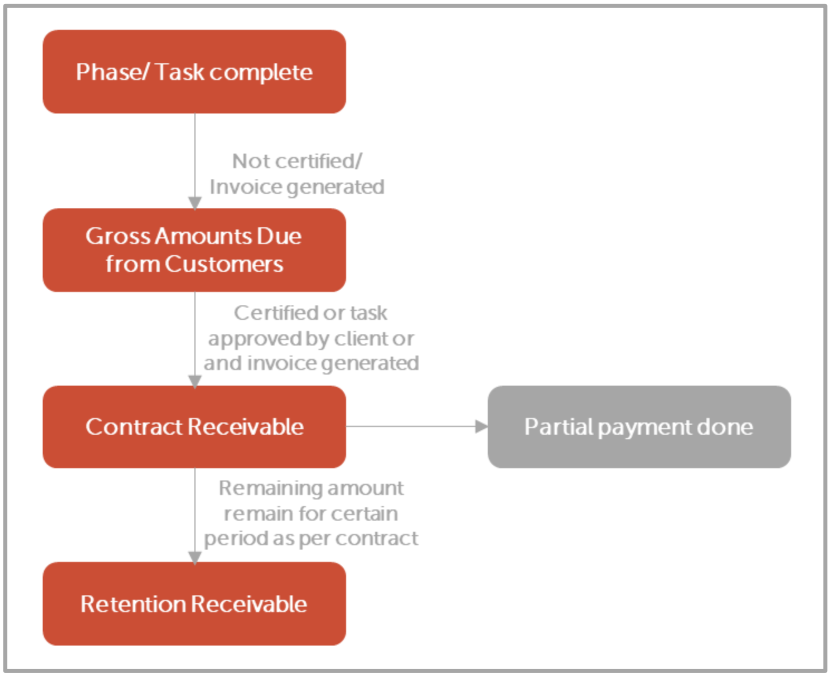


Source: Company presentation, ADCB estimates

ALEC has implemented a structured process to manage its receivables, enhancing both financial oversight and operational efficiency. Receivables are categorised into distinct groups based on work execution, client confirmations and approvals, and payment status. This segmentation allows the company to better align cash flow projections with actual receivable patterns, offering clearer visibility into potential incoming funds.

Moreover, the framework helps isolate delayed payments that may require senior-level intervention, allowing for timely resolution and more accurate forecasting. As a result, ALEC can maintain a healthier cash position while proactively managing risks tied to receivable delays.

Figure 11: Receivable bucket on ALEC balance sheet



Source: Company presentation, ADCB

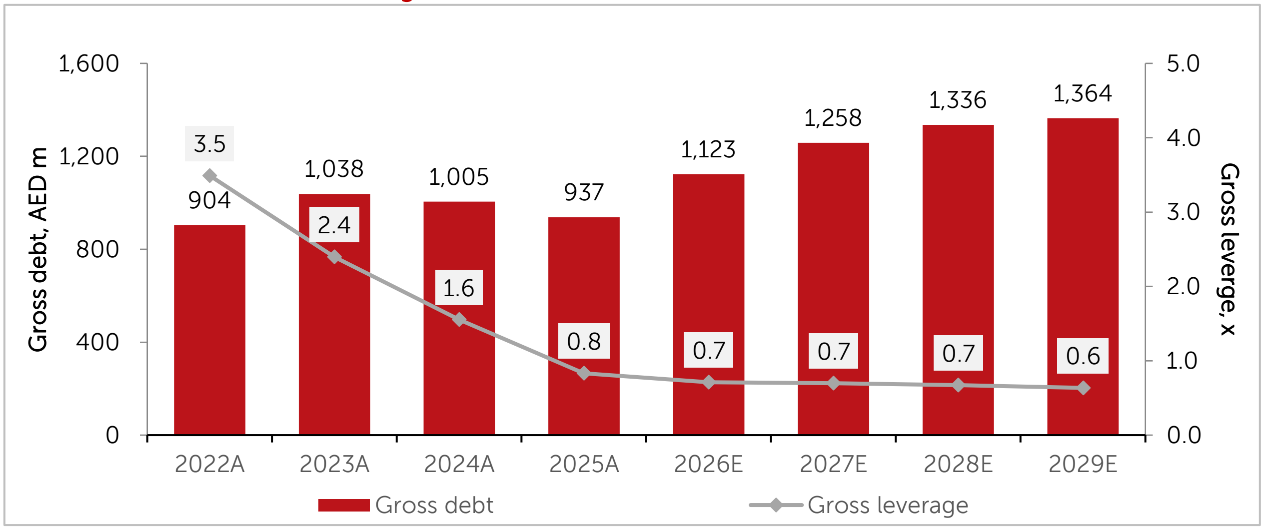
Healthy balance sheet

ALEC has historically maintained a healthy cash position, supported by a conservative approach to cash management and disciplined working capital practices. ALEC reported net cash over each of the last five years except 2023, when it incurred debt to finance the acquisition of Target and invest in catch-up capex to enhance Target's capabilities.

ALEC returned to a net cash position in 2024, driven by strong cash flow generation from all segments. Gross leverage stood at 0.8x at the end of 2025, down from 3.5x at the end of 2022, when debt was elevated due to the acquisition.

According to management guidance, gross leverage was expected to remain close to 1x in 2026 and stay below medium-term levels, supported by strong operational growth, rising revenue and profitability, and an increasing contribution from asset-light businesses.

Chart 32: Alec – Debt and leverage



Source: Company presentation, ADCB estimates; includes lease liabilities

Dividends along with growth

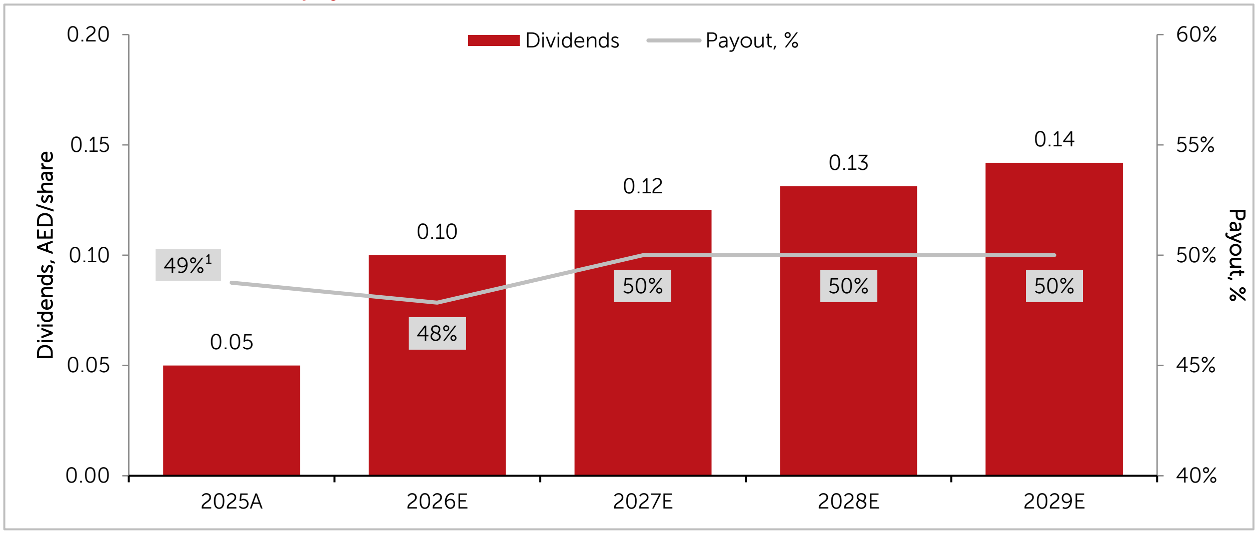
ALEC intends to implement a dividend policy with a minimum payout of 50% of net profit, reflecting its commitment to shareholder returns. In addition to regular dividends, special distributions may be considered when cash flow exceeds operational and growth requirements and leverage targets are met.

At the time of the IPO, management guided AED 200m in dividends for 2H25, payable in April 2026. Management also planned AED 500m in dividends for fiscal year 2026, payable in two instalments, in October 2026 and April 2027. Thereafter, ALEC intends to maintain a minimum payout ratio of 50%, reinforcing its balanced approach to growth and capital returns.

Notably, for 2H25, management increased the distribution to AED 250m, 25% above the initial target. This translates to 5 Fils per share. For 2026, the company is targeting AED 500m, or 10 Fils per share, in dividends. This implies a dividend yield of 6.8%, one of the highest in the UAE market.

Overall, we believe an investment in ALEC offers investors a blend of high growth potential and reliable income, combining the opportunity for capital appreciation with steady dividend payouts for those seeking consistent returns.

Chart 33: Dividends and payout

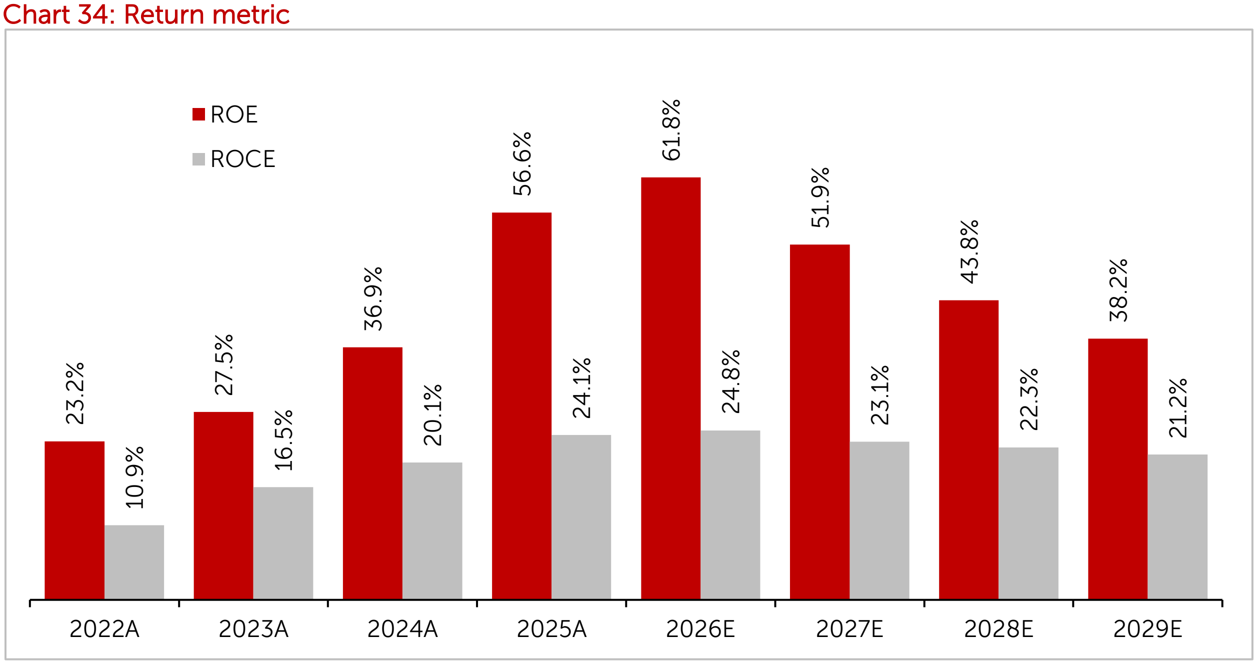


Source: Company presentation, ADCB estimates
Note:
1. 2025A payout ratio also includes an AED 85m pre-IPO dividend distributed to ALEC's majority shareholder, ICD.

Return metrics compare favourably with selected peers

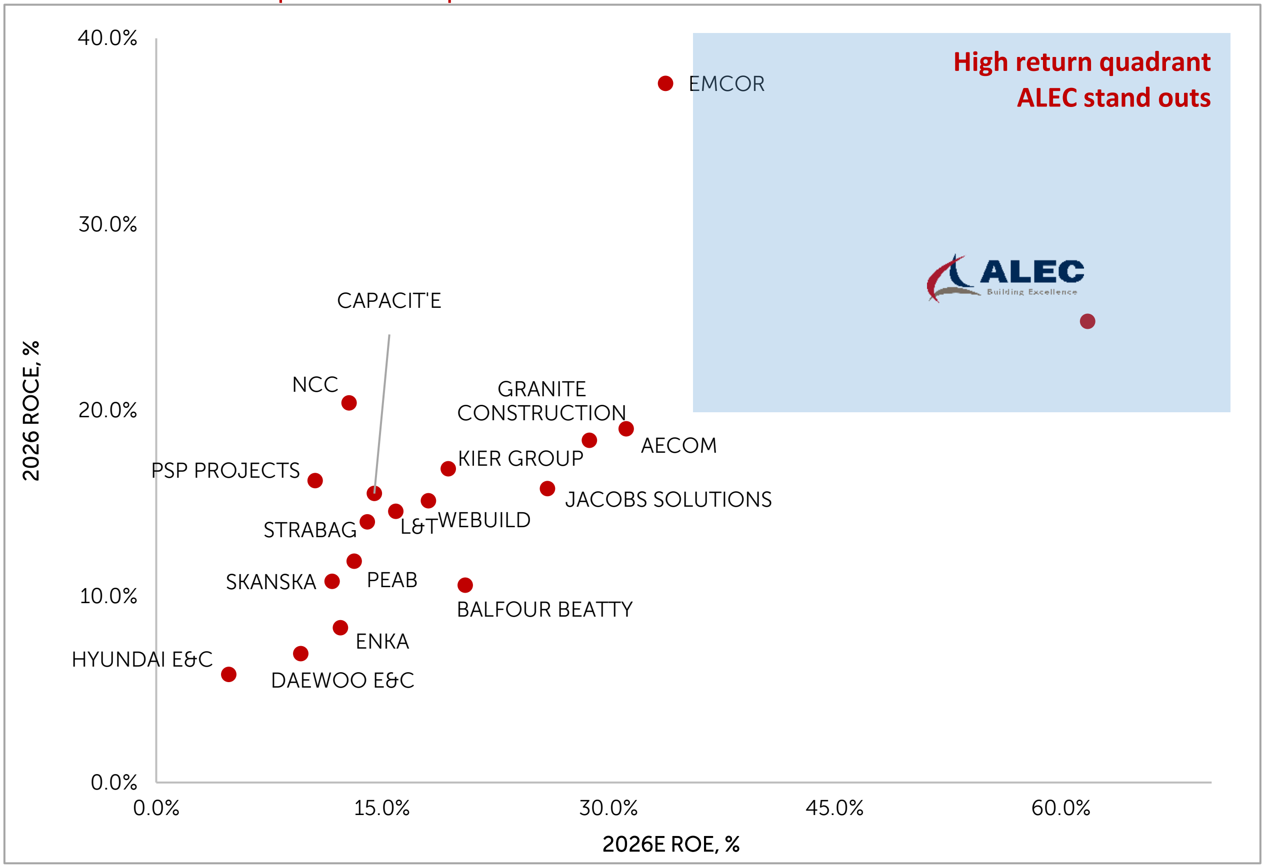
ALEC's return metrics are strong and rank among the best in its peer group. Its best-in-class performance is driven by prudent working capital management and a substantial base of payables and liabilities that are used to fund assets. This approach helps keep equity and capital employed in the business relatively low, leading to higher margins. ALEC is further distinguished by its superior growth trajectory and stronger margin profile, setting it apart from competitors.

Chart 34: Return metric



Source: Company presentation, ADCB estimates; ROE: net income/equity; ROCE: EBIT/(total assets – current liabilities)

Chart 35: ALEC return profile versus peers



Source: Company presentation, ADCB estimates, Bloomberg, NCC, Capacite, L&T, PSP are March FYE, 2026E represents FY27

Meaningful upside from current price

We value ALEC using the discounted cash flow method. The company operates under long-term contracts on niche and national importance projects, which provide strong visibility over revenue and cash generation. This makes the discounted cash flow approach suitable for valuing the company.

We have also relied on relative valuation, considering global and local peers.

Our DCF assumptions are as follows:

- Risk-free rate: Based on the prevailing yield of the 10-year US Treasury note
- Equity country risk premium: Sourced from NYU Stern, where Aswath Damodaran summarises country default spreads and risk premiums
- Beta: Adjusted beta obtained from Bloomberg
- Tax rate: An appropriate tax rate of 15% is assumed, reflecting the company's exposure to operations outside the UAE
- Capital structure: Based on the market value of equity and the latest reported book value of debt

Table 19: ALEC Holdings WACC summary

WACC calculation	
Tax rate	15.0%
Cost of debt (Kd)	**6.0%**
Share of debt	10.3%
Risk-free rate	4.5%
Beta levered	1.0
ERP	5.0%
Cost of equity (Ke)	**9.3%**
Share of equity	89.7%
WACC	**8.9%**

Source: UAE Central Bank, Stern NYU, ADCB estimates

The fair value of the company based on our DCF analysis is **AED 1.80 per share**. This implies 22% upside from the current price. We are initiating coverage with a Buy rating on the stock.

We have used a normalised terminal value for the DCF valuation, rather than applying the terminal value directly to our 2029 forecasts.

In our view, using 2029 as the base to calculate perpetual/terminal value would overstate the valuation, as the forecast period reflects an elevated growth phase. ALEC has reported strong historical growth, with revenue increasing at a 52% CAGR and EBIT at a 62% CAGR between 2022 and 2025. Going forward, revenue growth based on our forecasts would remain close to 30% annually between 2022 and 2029. Capitalising this level of growth into perpetuity would not be appropriate.

As a result, we have normalised terminal value using normalized end-period revenue by assuming growth in line with the expected expansion of UAE construction activity. We have also built in only a modest margin improvement, supported by economies of scale. The margin used in the normalised terminal value is below our explicit forecast margin, which further supports a conservative valuation approach.

In our view, this methodology provides a more sustainable terminal value and avoids embedding elevated growth and margin assumptions into perpetuity.

Table 20: DCF summary

AED m	2025	2026	2027	2028	2029	Normalised terminal value
EBIT	859	1,291	1,472	1,607	1,727	
Tax rate (%)	12.0%	15.0%	15.0%	15.0%	15.0%	
NOPAT	756	1,097	1,251	1,366	1,468	
Depreciation	266	285	328	379	420	
Capex*	393	472	403	424	339	
Free cash flow to firm	**630**	**910**	**1,176**	**1,321**	**1,548**	**6,973**
Discount factor		0.96	0.88	0.81	0.74	0.68
Present value		**873**	**1,035**	**1,068**	**1,150**	**4,758**

Source: Company filing, ADCB estimates, includes purchases of intangible assets

Table 21: Normalised terminal value

AED m	2022A	Normalised 2029	CAGR	ADCB 2029E	CAGR
Revenue	3,599	6,755	9%	21,287	29%
EBIT	203	473	13%	1,727	36%
Margin	5.6%	7.0%	–	8.1%	–
D&A	55	135	14%	420	34%
as % of revenue	1.5%	2.0%	–	2.0%	–
EBITDA	259	608	13%	2,147	35%
Margin	7.2%	9.0%	–	10.1%	–
Capex*	74	68	-1%	339	24%
as % of revenue	2%	1.0%	–	1.6%	–
Free cash flow		470			1,548
Terminal/perpetual growth		2.0%			2.0%
Terminal value		6,973			22,996
FCF/share		1.80			3.99

Source: Company filing, ADCB estimates, includes purchases of intangible assets

Table 22: ALEC Holdings fair value

Fair value calculation, AED m	
Present value from explicit forecasts (2026-29E)	4,126
Normalized terminal value	4,758
Enterprise value	**8,883**
(-) Net debt/(cash)	(122)
Equity value	**9,005**
Outstanding shares	5,000
Fair value per share (AED)	**1.80**

Source: Company filing, ADCB estimates

Sensitivity to terminal growth and WACC

We have assessed fair value based on sensitivity to two key DCF assumptions: WACC and terminal growth. Our base case assumes an 8.9% WACC and 2.0% terminal growth.

ALEC's long-term growth would depend on construction activity in the UAE and the wider region. Demand should be supported by infrastructure spending, real estate development, tourism-related projects, population growth, and government-led investment in transport, utilities, and social infrastructure. If construction activity expands faster than expected, this could support higher order intake, stronger revenue growth, and a higher sustainable terminal growth rate, increasing our fair value estimate. Conversely, a slowdown in construction activity, delays in project awards, weaker real estate demand, or lower infrastructure spending would reduce ALEC's long-term growth potential and lower our fair value.

WACC is also a key valuation driver. A higher WACC lowers fair value, while a lower WACC increases fair value. As WACC is partly driven by the risk-free rate and equity risk premium, any sustained increase in rates or market risk perception could pressure our fair value estimate.

Table 23: Fair value sensitivity to different WACC and terminal growth estimates

		Terminal growth				
	Fair value sensitivity	1.0%	1.5%	2.0%	2.5%	3.0%
WACC	8.0%	1.82	1.90	1.99	2.10	2.23
	8.5%	1.73	1.80	1.88	1.97	2.07
	8.9%	1.67	1.73	1.80	1.88	1.97
	9.5%	1.58	1.63	1.69	1.75	1.83
	10.0%	1.52	1.56	1.61	1.67	1.73

Source: ADCB estimates

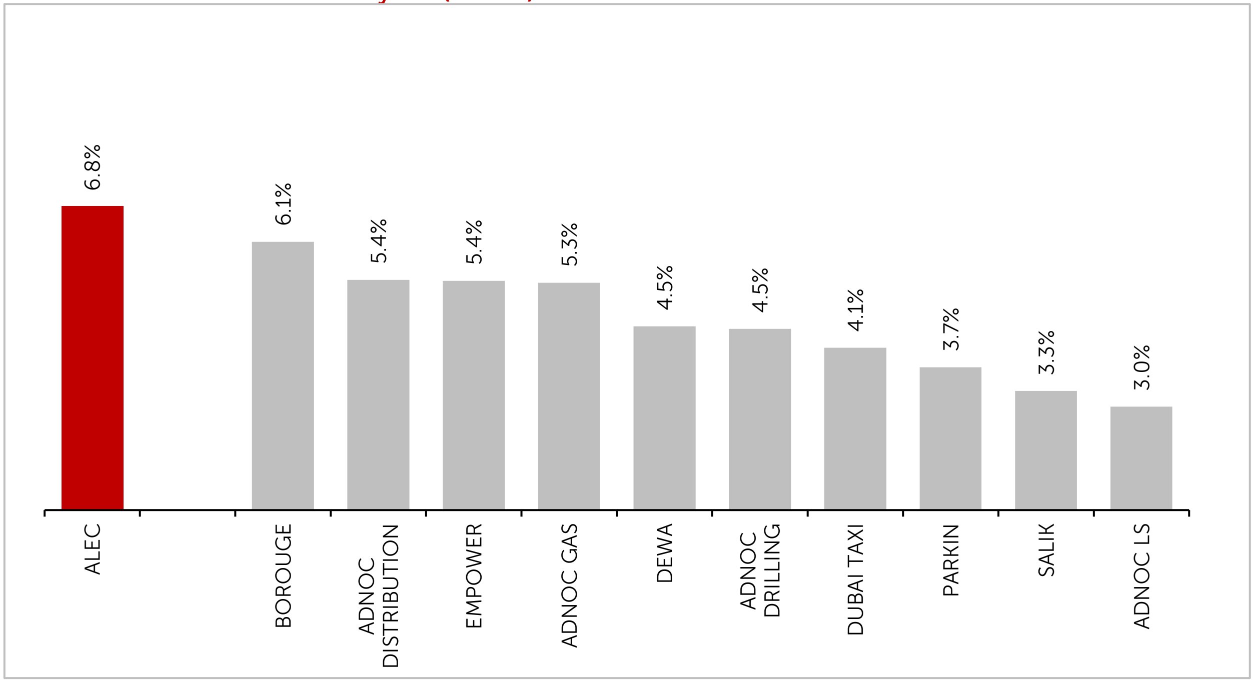
High yield relative to UAE peers

ALEC offers an attractive dividend yield relative to comparable UAE-listed entities with visible dividend policies. The company has guided for a 10 Fils dividend for 2026. Based on the latest share price of AED 1.47, this implies a dividend yield of 6.8%.

This compares favourably with our selected UAE peer set, where the average dividend yield is around 4.5%. While these companies are not direct operational peers, we view the comparison as relevant. Most of the selected names are majority-owned by the government or government-related entities, have relatively visible dividend policies, and operate with strong exposure to government-linked activity. ALEC also shares some of these characteristics, as it primarily works on government projects and with tier 1 clients, and is majority-owned by the Dubai Government through ICD.

On a dividend yield basis, ALEC screens attractively. Applying the peer average yield of 4.5% to ALEC's targeted 2026E dividend of 10 Fils implies a fair value of c. AED 2.22 per share. This is significantly above the current share price and suggests the stock is undervalued at current levels based on yield. We believe the current dividend yield provides valuation support, particularly if ALEC can deliver on its stated dividend target.

Chart 36: UAE stocks dividend yield (2026E)



Source: Company filing, ADCB estimates, Bloomberg

Relative valuation indicates upside

We calculate ALEC's intrinsic value using relative valuation based on a global peer set, given the absence of a direct comparable due to ALEC's distinct growth profile, capital structure, and tax treatment.

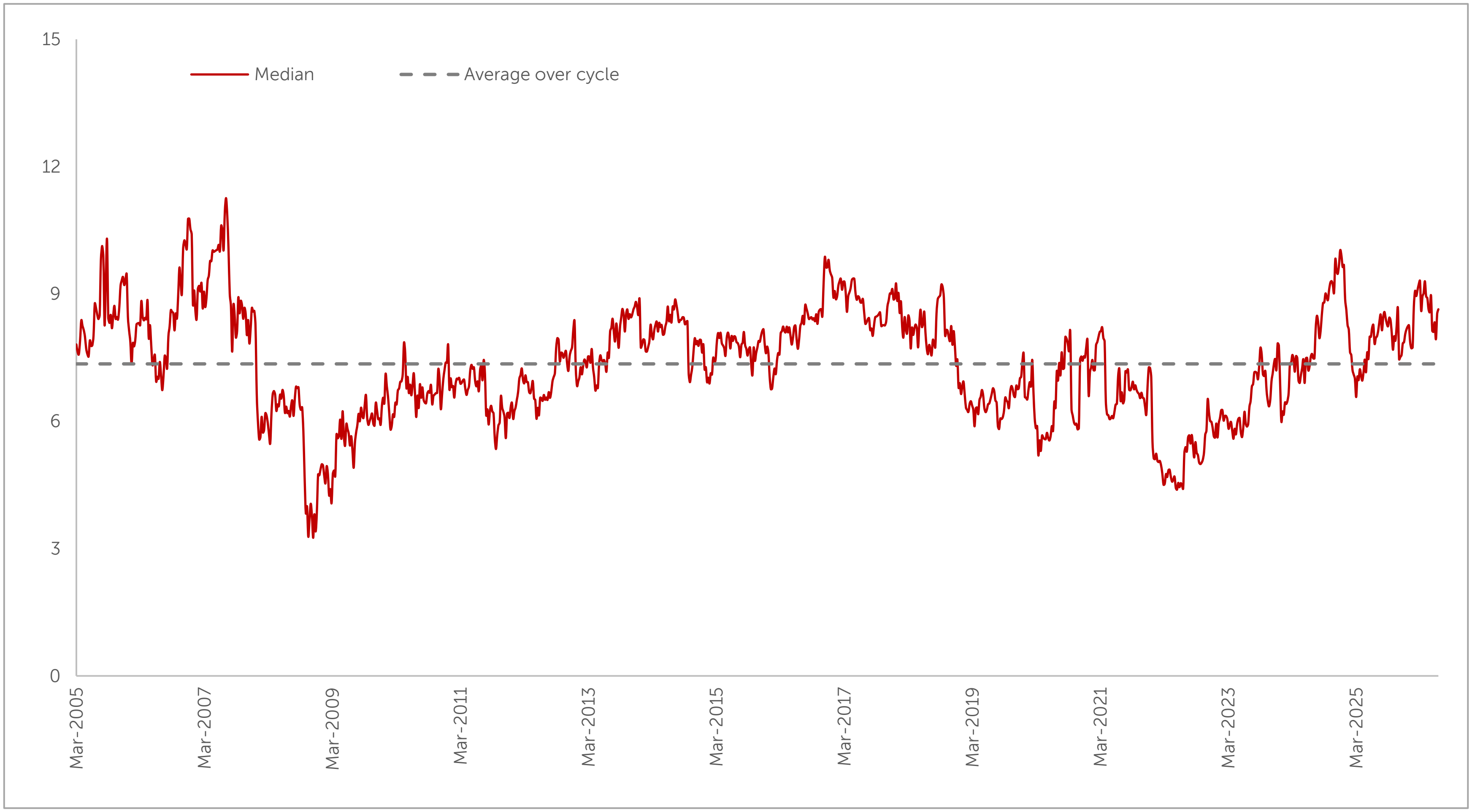
Current valuation elevated

It is important to note that current industry multiples appear elevated. Following the post-Covid recovery, global construction activity has seen a notable rebound, with revenue growth across key players steadily strengthening since 2020.

Current valuation multiples for the engineering and construction sector are above their long-term average, reflecting strong market conditions and continued contract awards. We also note that ALEC operates in a region where oil prices continue to influence market activity. During periods of lower oil prices, ALEC's profitability has historically come under pressure. To reflect this cyclicality and maintain a conservative approach, we apply a multiple that is one standard deviation below the long-term average.

At this multiple of 6.1x, ALEC's implied valuation is AED 1.96 per share, pointing to significant upside from current levels.

Chart 37: Forward EV/EBITDA



Source: Bloomberg; average includes Webuild, Capacite, Daewoo E&C, Hyundai E&C, PSP, KIER, Larsen & Toubro, Jacobs, ENKA, Balfour, Strabag, AECOM, Skanska, Granite, Sterling, Peab, EMCOR and NCC

Table 24: ALEC comps table

Company	Country	Mkt cap USD m	EV/EBITDA 2026E	EV/EBITDA 2027E	P/E 2026E	P/E 2027E	Dividend yield 2026E	Dividend yield 2027E	Backlog coverage
E&C Peers									
LARSEN & TOUBRO	INDIA	58,193	18.5	15.7	27.0	22.3	1.2%	1.4%	3.6
EMCOR GROUP	US	34,426	17.3	15.8	26.3	23.8	0.2%	0.2%	0.9
STERLING INFRASTRUCTURE	US	21,503	24.7	19.6	38.3	29.7	-	-	1.3
JACOBS SOLUTIONS	US	15,101	13.1	11.9	17.7	15.7	1.1%	1.2%	3.0
STRABAG	AUSTRIA	12,350	4.3	4.0	13.2	12.0	3.1%	3.3%	1.8
ENKA	TURKEY	12,012	10.3	7.8	11.2	8.8	3.7%	4.2%	2.2
SKANSKA	SWEDEN	11,652	9.2	8.6	16.1	14.5	3.9%	3.9%	1.5
AECOM	US	8,706	8.7	7.9	11.3	10.2	1.8%	2.0%	1.6
HYUNDAI E&C	KOREA	8,416	15.0	11.2	24.0	17.1	0.8%	0.9%	3.1
GRANITE CONSTRUCTION	US	6,384	11.3	10.2	20.5	18.7	0.4%	0.4%	1.6
BALFOUR BEATTY	UK	5,760	8.7	7.9	18.0	16.0	1.7%	1.9%	2.1
DAEWOO E&C	KOREA	4,938	13.6	12.3	20.9	17.5	0.0%	0.4%	6.5
PEAB	SWEDEN	2,907	8.4	7.9	12.7	11.5	4.3%	4.8%	0.9
WEBUILD	ITALY	2,666	2.5	2.4	7.0	6.8	3.8%	4.1%	3.8
KIER GROUP	UK	1,336	4.5	4.4	9.7	9.1	3.4%	3.5%	2.8
NCC	INDIA	986	5.3	5.0	9.1	8.5	1.5%	1.6%	3.5
PSP PROJECTS	INDIA	427	12.4	9.9	30.2	23.5	-	-	4.3
CAPACIT'E INFRAPROJECTS	INDIA	221	4.8	4.2	7.6	6.6	-	-	5.1
Median			9.7	8.3	16.9	15.1	1.7%	1.9%	2.5
UAE DEFENSIVE									
ADNOC GAS	UAE	71,883	9.5	7.6	17.8	13.6	5.3%	5.3%	–
DEWA	UAE	37,708	9.8	9.2	16.9	15.9	4.5%	4.8%	–
ADNOC DRILLING	UAE	24,743	11.8	11.0	16.7	15.5	4.5%	4.6%	–
BOROUGE	UAE	20,622	9.7	8.0	18.1	14.2	6.1%	6.3%	–
ADNOC DISTRIBUTION	UAE	13,443	12.0	11.5	16.3	15.5	5.4%	5.5%	–
SALIK	UAE	12,129	23.3	20.8	30.3	26.4	3.3%	3.8%	–
ADNOC LS	UAE	11,925	7.3	7.7	11.3	12.1	3.0%	3.6%	–
PARKIN	UAE	4,745	22.4	20.1	27.9	24.3	3.7%	4.1%	–
EMPOWER	UAE	4,465	11.3	10.5	15.7	14.2	5.4%	5.8%	–
DUBAI TAXI	UAE	1,586	11.2	8.6	19.2	15.3	4.1%	5.2%	–
Median			11.2	9.9	17.4	15.4	4.5%	5.0%	–
ALEC HOLDINGS	UAE	2,001	4.6	4.0	7.0	6.1	6.8%	8.2%	2.4*

Source: ADCB estimates, Bloomberg. Adjusted for Sphere and EPC projects awarded in 2Q26

Key risks to our valuation

Geopolitical uncertainty

Geopolitical risk remains a prominent consideration for investors. Heightened regional uncertainty may dampen investor confidence, leading to delays or re-evaluations of large-scale project activity. For companies like ALEC, this can translate into slower contract awards, interrupted supply chains, and difficulties in executing planned expansion projects.

Region macroeconomic exposure to oil price volatility

Oil prices continue to be a central driver of economic activity across the region. As previously noted, ALEC experienced a downturn in profitability following the 2014 oil price shock, and current softness in project awards further reflects the recent decline in energy markets. Given that energy maintains a dominant share of overall regional GDP, any unexpected decrease in oil prices could disrupt regional economic momentum. This disruption may lead to delays in project timelines and reduce the frequency of awards, directly affecting companies like ALEC. In addition, sustained low prices may tighten liquidity for firms operating in the region, intensifying pressure on cash collection and straining ALEC's financial cycle in the near term.

Delayed payments and working capital strain

ALEC works closely with GRE and other high-credit clients, which helps reduce credit risk. The company also manages cash efficiently and maintains strong alignment with subcontractors and suppliers to support an effective cash conversion cycle. However, ALEC's balance sheet remains heavily weighted toward working capital, making it vulnerable to fluctuations or delays in receivables. If a client postpones payment on a major project, ALEC may face liquidity constraints that limit its capacity to fund ongoing operations or take on new commitments.

Shortage of skilled labour and project-critical resources

The GCC is experiencing a strong wave of project activity, and ALEC is targeting c.50-55% growth in 2026. To support this expansion, a significant increase in skilled labour will be required across markets. A sudden spike in demand, however, could lead to labour shortages that challenge timely project execution. ALEC mitigates labour availability risks through established recruitment and strong retention programmes and provides induction for pre-project mobilisation. This issue is particularly pronounced in Saudi Arabia, where onboarding processes take considerably longer than in the UAE. Any delay in recruiting the right workforce could disrupt ALEC's ability to meet delivery schedules, ultimately affecting project completion, revenue realisation, and profit margins.

Regulatory and approval delays

Regulatory and approval delays in the construction sector often stem from complex permitting processes, evolving compliance requirements, and coordination challenges with multiple government entities. For companies like ALEC, these delays can stall project timelines, inflate costs, and disrupt cash flow.

Execution risk

Throughout ALEC's operational history, performance bonds have been called in only two instances, representing around 0.2% of total projects, an exceptionally strong delivery metric in the construction sector. However, given the scale and complexity of the projects it undertakes, there remains a risk that delays or quality issues may emerge. In rare cases where project delivery does not meet client expectations, a bond may be redeemed, which could have implications for ALEC's financial position.

Lower than anticipated growth

Most of ALEC's revenue growth for 2026 is already secured through its current backlog. However, if actual growth falls short of guidance, whether due to previously mentioned reasons, operational risks, market volatility, or other unforeseen factors, the company might not achieve its stated financial targets. Missing these targets could also result in reduced shareholder returns.

ALEC: Income statement

Income statement, AED m	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E
B&C services	2,754	3,450	4,076	6,838	10,940	11,597	12,177	12,664
Oil and gas construction services	456	1,993	2,814	4,626	5,783	6,014	6,315	6,693
Related businesses	741	1,374	1,999	3,050	5,186	5,549	5,937	6,353
Revenue[1]	**3,599**	**6,275**	**8,101**	**12,604**	**18,088**	**19,148**	**20,216**	**21,287**
Revenue growth	–	74.4%	29.1%	55.6%	43.5%	5.9%	5.6%	5.3%
Contract costs	(3,208)	(5,642)	(7,265)	(11,281)	(16,212)	(17,089)	(18,009)	(18,942)
Gross profit	**390**	**633**	**836**	**1,323**	**1,877**	**2,059**	**2,207**	**2,346**
Gross profit growth		62.1%	32.1%	58.2%	41.8%	9.7%	7.2%	6.3%
Gross margin	10.9%	10.1%	10.3%	10.5%	10.4%	10.8%	10.9%	11.0%
Administrative expenses	(187)	(306)	(349)	(464)	(586)	(588)	(600)	(619)
EBIT	**203**	**327**	**488**	**859**	**1,291**	**1,472**	**1,607**	**1,727**
EBIT growth		61.1%	48.9%	76.2%	50.2%	14.0%	9.2%	7.4%
EBIT margin	5.6%	5.2%	6.0%	6.8%	7.1%	7.7%	7.9%	8.1%
Depreciation and amortisation	55	108	159	266	285	328	379	420
EBITDA	**259**	**433**	**630**	**1,106**	**1,576**	**1,800**	**1,986**	**2,147**
EBITDA growth		67.2%	45.5%	75.6%	42.5%	14.2%	10.3%	8.1%
EBITDA margin	7.2%	6.9%	7.8%	8.8%	8.7%	9.4%	9.8%	10.1%
Share of JVs	(3)	(0)	(0)	(2)	0	0	0	0
Provision for impairment	1	(13)	(21)	(21)	(15)	(15)	(15)	(15)
Finance costs	(15)	(82)	(100)	(71)	(70)	(80)	(89)	(94)
Finance income	2	10	20	25	24	42	42	51
Profit before tax	**189**	**243**	**386**	**790**	**1,229**	**1,418**	**1,545**	**1,669**
Tax	(3)	(5)	(24)	(103)	(184)	(213)	(232)	(250)
Effective tax rate, %	1.7%	2.1%	6.1%	13.1%	15.0%	15.0%	15.0%	15.0%
Net profit	**186**	**238**	**363**	**687**	**1,045**	**1,206**	**1,313**	**1,418**
Net profit growth		28.3%	52.3%	89.3%	52.1%	15.4%	8.9%	8.0%
Net margin	5.2%	3.8%	4.5%	5.5%	5.8%	6.3%	6.5%	6.7%
Dividends, DPS (AED)				0.05	0.10	0.12	0.13	0.14
Dividends growth					100.0%	20.6%	8.9%	8.0%
Payout				48.8%[2]	47.8%	50.0%	50.0%	50.0%

Source: Company presentation, ADCB estimates

Note:

1. Exclude intercompany revenue
2. Include pre-IPO dividend

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