



ALEC
HOLDINGS

**ALEC Holdings Delivers a
Strong Start to 2026 as Q1
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Solid Q1 2026 results driven by disciplined execution across all segments, underpinned by ALEC's resilient, fully integrated platform

Revenue increase of 87% YoY to AED 4.6 billion reflecting strong backlog conversion and sustained execution momentum across all segments

Net profit more than doubled YoY, to AED 230 million, reflecting the earnings quality and scalability of ALEC's integrated delivery model

Conservative balance sheet supported by a strong cash position and low leverage, underpins ALEC's ability to fund growth and manage working capital prudently

FY 2025 cash dividend of AED 250 million (AED 0.05 per share) paid in April 2026, consistent with ALEC's dividend policy and the Board's confidence in the business

Dubai, United Arab Emirates – 08 May 2026 – ALEC Holdings PJSC (“ALEC” or the “Company”), the market-leading diversified engineering and construction group with operations focused on large-scale, complex and iconic buildings and energy projects in the UAE and the KSA, announced today its financial results for the first quarter ended 31 March 2026 (“Q1 2026”). ALEC reported a strong set of results, with Q1 2026 Revenue up 87% Year-on-Year (“YoY”) and Net Profit more than doubling, backed by a conservative balance sheet, strong cash position, sustained execution momentum, and a healthy pipeline supporting future growth.

Key Highlights

	Revenue	EBITDA ¹	EBITDA Margin ²	Net Profit	Net Profit Margin ³
Q1 2026	AED 4,609 million +87% YoY	AED 362 million +79% YoY	7.9% vs. 8.2% Q1 2025	AED 230 million +101% YoY	5.0% vs. 4.6% Q1 2025

As at 31 March 2026

Backlog ⁴	Backlog Coverage ⁵	Free Cash Flow to Firm ⁶	Net Cash / EBITDA ⁷
AED 26.7 billion	1.8x	AED -495 million	0.1x

¹ EBITDA is calculated as profit for the period before income tax, net finance costs, depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets.

² EBITDA divided by revenue

³ Profit for the period after-tax divided by revenue.

⁴ Backlog is the estimated revenue yet to be delivered from secured projects.

⁵ Backlog divided by the last twelve months' revenue.

⁶ Calculated cash from operations minus capital expenditures (payment for purchases of property, plant and equipment, and purchase of property, plant and equipment which is right-of-use asset with corresponding lease liability).

⁷ Net Cash divided by trailing twelve months EBITDA

Chief Executive Officer, Barry Lewis said:

“Q1 2026 has been a strong start to the year, with revenues more than doubling year-on-year, reflecting the depth of our secured backlog and the quality of our execution across all segments. We also achieved a key milestone with the opening of Aquarabia in Qiddiya City, KSA’s first and largest open-air water theme park, where ALEC delivered the full scope from construction and installation through to testing, commissioning, and themed fit-out.

As a newly listed company navigating evolving regional dynamics, this quarter clearly demonstrates ALEC’s capabilities and its ability to convert uncertainty into opportunity. Our integrated platform well-positions us to capture emerging demand, particularly where speed, quality, and execution precision are critical.

Our pipeline remains active, and our AED 26.7 billion backlog is strong and well-diversified, anchored by nationally significant projects across Building & Construction and Energy. We remain focused on disciplined execution and selectively pursuing high-quality opportunities where our integrated delivery model adds the most value, supporting margin resilience and sustained value for our shareholders.”

Chief Financial Officer, John Deeb commented:

“The first quarter of 2026 demonstrates the operating leverage embedded in our model. Revenue growth of 87% year-on-year translated into Net Profit more than doubling to AED 230 million, a result of scale, disciplined cost management and a high-quality project mix.

Our liquidity position remains carefully managed, with cash movements in the quarter reflecting the typical seasonal patterns of our business. Q1 typically carries higher working capital outflows as execution ramps up and year-end advance payment cycle normalises. Our approach remains unchanged: prudent contract structuring, active collections management, and investment in capacity only where it supports sustainable growth.

Our balance sheet is in good health, with modest borrowings and a clear capital allocation framework. The AED 250 million FY 2025 dividend was paid in April as committed, bringing the total FY 2025 dividends to AED 335 million. Our contracted backlog provides strong revenue visibility as we look to deliver on our full-year 2026 guidance.”

Financial Overview

Revenue

Supported by a strong order book, ALEC delivered a solid Q1 2026 performance,

with Revenue reaching **AED 4.6 billion, up 87% YoY**, driven by steady project execution and delivery across the UAE and KSA.

Segmental Overview

- **Building & Construction** revenue rose **116% YoY** to **AED 2.9 billion**, maintaining its position as the primary revenue driver, supported by the ramp-up of several large-scale projects into advanced stages.
- **Energy Services** remained a key growth driver, with revenue increasing **74% YoY to AED 1.5 billion**, reflecting continued progress across infrastructure projects.
- **Related Businesses** reported revenue of **AED 1.3 billion**, up **155% YoY**, underpinned by greater integration across projects and rising demand for specialized capabilities.

Profitability

Gross profit increased **58% YoY** to **AED 410 million** in Q1 2026, driven by strong revenue growth, with **Gross Profit margin at 8.9%**, down 164 basis points YoY, reflecting ALEC's prudent and transparent approach in accounting for the impact of current geopolitical developments, particularly within Energy Services. Similarly, Q1 2026 EBITDA increased **79% YoY** to **AED 362 million**, while **EBITDA margin moderated to 7.9%** from 8.2% in the prior year. Revenue growth continued to outpace overhead expansion, demonstrating strong operating leverage as the business invests in execution capacity.

Q1 2026 Net Profit increased **101% YoY** to **AED 230 million**, representing a **Net Profit margin of 5.0%**, up 36bps YoY. Performance reflects higher operating earnings despite the seasonally softer Q1 margin profile, partially offset by higher net finance costs and increased tax expense following the implementation of OECD Pillar II rules in certain jurisdictions.

On 24 March 2026, shareholders approved the Board's proposed cash dividend of AED 0.05 per share, totaling **AED 250 million** for FY 2025, which was subsequently paid in April 2026, bringing total dividends for 2025 to **AED 335 million**.

Balance Sheet Analysis

ALEC maintained a strong balance sheet in Q1 2026, reflecting the increased scale of operations. Total assets rose to **AED 11.5 billion** as at 31 March 2026, up from AED 10.6 billion as at 31 December 2025, driven primarily by growth in customer and contract receivables. As at 31 March 2026, total liabilities increased to **AED 10.1 billion**, compared to AED 9.2 billion at 31 December 2025, reflecting the scale-up in operations and project phasing, with higher contract and other payables and customer advances aligned with increased activity.

Cash and bank balances stood at **AED 1.0 billion**, while total borrowings and lease liabilities decreased to AED 890 million, resulting in a net cash position of AED 122 million, equivalent to a net cash-to-trailing twelve months EBITDA ratio of 0.1x. As at 31 March 2026, ALEC reported net working capital of **AED 811 million**, underpinning a balance sheet that supports both growth and resilience.

Cash Flow Analysis

Net Cash used in operating activities amounted to **AED 399 million** in Q1 2026, reflecting typical seasonal working capital outflows, including increases in contract and other receivables, non-current retention balances, and gross amounts due from customers on construction contracts in line with higher activity levels. Underlying operating cash generation before working capital movements remained strong.

Given the significant execution activity during Q1 2026, CAPEX increased 78% YoY to AED 100 million with total CAPEX equivalent to 2.2% of revenue, with AED 76 million in maintenance capex and AED 24 million in growth capex, consistent with ALEC's capex-light operating model and supporting maximizing returns on capital employed. ALEC generated Free Cash Flow to Firm of **AED -495 million**, which is consistent with the seasonal working capital patterns of a high-activity Q1, driven by the simultaneous ramp-up of multiple large-scale projects and the normalisation of year-end advance payment balances.

Key Operational Highlights

- **Backlog supports sustained revenue visibility:** As of 31 March 2026, backlog stood at **AED 26.7 billion**, providing **1.8x coverage** of trailing twelve-month revenue. This reflects disciplined execution progression across large-scale, secured projects, converting a robust order book into revenue at a favorable pace, consistent with the ALEC's strategy of maintaining strong multi-year visibility.
- **Diverse and high-quality backlog:** ALEC's backlog remains well-diversified across Energy (50%), Building & Construction (49%), and Related Businesses (1%), and is geographically anchored in the UAE (89%) with a selective and growing presence in KSA (11%). The pipeline of nationally significant opportunities remains active, with management pursuing high-value awards in line with its disciplined commercial approach.
- **Aquarabia Opening:** Aquarabia at Qiddiya City officially opened to visitors on 23 April 2026, marking Saudi Arabia's first and largest open-air water theme park, with ALEC delivering the full project scope including construction, installation, testing and commissioning, as well as fit-out and architectural theming.
- **W Riyadh – KAFD Delivery:** ALEC FITOUT delivered the full fit-out scope of the W Riyadh – KAFD, the first W Hotel in the Kingdom, acting as design and build contractor and delivering an integrated scope including architectural, engineering, MEP and high-end fit-out works.
- **ilmi Science Discovery and Innovation Center Project Milestone:** The ilmi Science Discovery and Innovation Center at Misk City reached structural top-out, marking a key milestone in project delivery and reflecting continued progress on one of the Kingdom's flagship developments.
- **Contractor of the Year Award:** ALEC received the Contractor of the Year award at the Construction Innovation Awards KSA 2026, underscoring the Group's strong execution track record and continued recognition within the Kingdom's construction sector.
- **Industry Ranking Recognition:** ALEMCO was ranked second in the 2026 Top MEP Contractors Power List by MEP Middle East, recognising its leadership, innovation, and contribution to advancing the region's electromechanical contracting sector.
- **ESG Recognition:** ALEC Holdings was awarded the EcoVadis Silver Medal, placing the Group in the top 15% of companies assessed globally with a score of 73/100, reflecting continued progress in sustainability practices and ESG performance.
- **Health & Safety Enhanced Performance:** ALEC continues to operate to the highest international standards, certified to ISO 45001/14001/9001 and OSHAD, with a Group Lost-Time-Injury-Frequency-Rate ("LTIFR") of 0.104 per million manhours worked year-to-date reflecting the discipline of the Group's H&S management framework.
- **Growing Workforce:** ALEC's total workforce across the UAE and KSA grew 4.7% since the end of December 2025, to approximately 60,300 staff and labour as at 31 March 2026, reflecting the continued ramp-up of execution activity across the Group's expanding project portfolio.

Guidance

The Company reaffirms its previously issued guidance for 2026 and the medium term, which remains unchanged and is as follows:

- Backlog provides **100% revenue coverage for FY 2026** and is expected to be maintained at **~2.0x–2.5x revenue in the medium term**, supported by a healthy pipeline of awarded and anticipated projects
- **Revenue growth in FY 2026** is expected in the range of **50-55% with a medium-term growth at an implied CAGR of 7-8%**.

- **Gross Profit margin** for FY 2026 is expected to be **slightly above 10%**, while **EBITDA margin** is anticipated to be **approximately 8.5%**. Over the medium term, gross margin is expected to improve by around 100 basis points and EBITDA margin by approximately 150 basis points.
- **Capex** is expected to be in the **range of 2–3% of revenue in FY 2026**, declining gradually to **~1% of revenue** in the medium term, in line with the Company's capex-light operating model.
- **Gross leverage** remains below **1x** as the Company maintains healthy cash positions and efficient working capital.
- **Dividends:** In line with its dividend policy, the Company will be distributing AED 500 million in dividends for FY 2026 (payable in October 2026 and April 2027).

Financial Summary

AED mn (unless noted otherwise)	Q1 2026	Q1 2025	% Δ YoY
Backlog	26,719	30,653	-13%
Revenue	4,609	2,467	87%
<i>Building & Construction</i>	<i>2,874</i>	<i>1,334</i>	<i>116%</i>
<i>Energy</i>	<i>1,499</i>	<i>860</i>	<i>74%</i>
<i>Related Business</i>	<i>1,298</i>	<i>509</i>	<i>155%</i>
<i>Eliminations and Others</i>	<i>(1,061)</i>	<i>(235)</i>	<i>351%</i>
Gross profit	410	260	58%
<i>Gross Profit margin</i>	<i>8.9%</i>	<i>10.5%</i>	<i>-164 bps</i>
EBITDA	362	202	79%
<i>EBITDA margin</i>	<i>7.9%</i>	<i>8.2%</i>	<i>-35 bps</i>
Profit for the year	230	114	101%
<i>Net Profit margin</i>	<i>5.0%</i>	<i>4.6%</i>	<i>36 bps</i>

- ENDS -

Note to Readers:

Revenue Recognition

ALEC allocates revenue over time as conditions are met, using the percentage of completion as the input method, according to IFRS 15. Of note, project execution is slower during Ramadan and summer resulting in lower revenue and profits being recognized in those periods.

Net Working Capital

Given the nature of the sector and ALEC's focus on large projects, resulting in sizeable periodic payments, there might be volatility in working capital depending on the exact timing of such payments and the phase of the project.

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About ALEC Holdings PJSC

ALEC Holdings PJSC, part of the Investment Corporation of Dubai, is a leading diversified engineering and construction group operating in the UAE and KSA. The Company builds and provides construction solutions that set industry benchmarks for innovation, quality, reliability and operational excellence.

ALEC offers its clients complete turnkey solutions in construction, MEP, fitout, marine, oil & gas, modular construction, energy efficiency and solar projects, heavy equipment rental, technology systems and asset maintenance. With these capabilities, the Company successfully serves a diverse range of sectors including airports, data centers, retail, hotels & resorts, high-rise buildings, and themed projects.

For more information, please visit <https://alec.ae/>.

Disclaimer

This document contains statements reflecting management's current expectations, views and intentions regarding capital allocation priorities, pipeline, strategic focus and outlook for the period ahead that are deemed to be "forward-looking." These statements are based on current assumptions and expectations, including management's review of historical trends, internal data, and third-party information. Forward-looking statements are inherently subject to risks, uncertainties, and contingencies, many of which are beyond the Company's control. Actual results may differ materially from those expressed or implied due to a range of factors, including market conditions, project execution, regulatory developments and other risks and uncertainties. Forward-looking statements speak only as at the date of this announcement and no statement herein should be construed as a profit forecast or guarantee of future performance.

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