

Amanat Holdings PJSC

Education growth partially offset by healthcare ramp-up

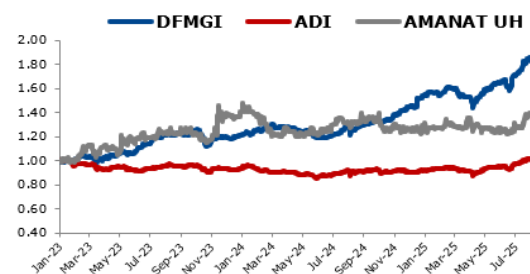
Current Price
AED 1.17

Target Price
AED 1.30

Upside/Downside (%)
+11%

Rating
ACCUMULATE

- Total beneficiaries and student base increased 17% YoY to approximately 23.9k in 1H25, driven by strong growth in international students and the expansion of HDC
- After refurbishment, Jeddah bed capacity expanded to 170; post 2Q25 added 30 in Jeddah and 10 beds in Dhahran, with 30 beds additional under licensing at Khobar
- Student enrollment at Middlesex University increased 18% YoY to 6.2k, supported by a 40% YoY rise in international students
- The company is actively exploring bolt-on acquisitions in the UAE and Saudi Arabia to enhance strategic alignment
- Signed an SPA to sell the North London Collegiate School real estate assets for AED 453 Mn with expected completion in 3Q25



2Q25 net profit in line with our estimate

Amanat Holding PJSC (Amanat/The Company) net profit from continuing operations grew 17.6% YOY to AED 54 Mn in 2Q25, in line with our estimate of AED 54 Mn. Profit attributable to equity shareholders rose 16.0% YOY to AED 51 Mn in 2Q25. The growth in net profit is attributable to strong growth in the Education Segment and a higher contribution from associates, partially offset by ramp-up costs incurred at Khobar, which led to lower profitability in the Healthcare segment.

P&L Highlights

Amanat's revenue grew 13.5% YOY to AED 228 Mn in 2Q25, primarily attributable to the strong growth in the Education segment revenue, and a subdued growth in the Healthcare segment revenue. Education segment revenue expanded 22.1% YOY to AED 133 Mn in 2Q25, due to higher student and beneficiary enrollment across MDX and HDC. Healthcare segment's revenue grew 3.0% YOY to AED 95 Mn in 2Q25, supported by the addition of new beds at Jeddah, Dhahran and Khobar, partially offset by the discontinuation of COVID-related programs in the UAE. The Company's direct costs increased 18.1% YOY to AED 132 Mn in 2Q25. Thus, the gross profit rose 7.7% YOY to AED 95 Mn in 2Q25. Gross profit margin contracted from 44.1% in 2Q24 to 41.8% in 2Q25. G&A expenses grew 10.1% YOY to AED 65 Mn in 2Q25, while the income from the finance lease inched up 0.1% YOY to AED 8 Mn in 2Q25. Other operating income rose 31.7% YOY to AED 8 Mn in 2Q25. Meanwhile, the share of results from associates increased from AED 12 Mn in 2Q24 to AED 18 Mn in 2Q25, due to rise in enrollment at NEMA. Thus, total operating expenses rose 8.9% YOY to AED 49 Mn in 2Q25. As a result, the Company recorded a rise in total operating profit of 17.0% YOY to AED 64 Mn in 2Q25. Depreciation and amortization expenses rose 24.4% YOY to AED 26 Mn in 2Q25. Amanat's EBITDA rose 19.7% YOY to AED 89 Mn in 2Q25.

Stock Information

Market Cap (AED, mm)	2,975.00
Paid Up Capital (mm)	2,500.00
52 Week High	1.23
52 Week Low	1.03
3M Avg. daily value (AED)	1,763,206

2Q25 Result Review (AED, mm)

Total Assets	3,853
Total Liabilities	964
Total Equity	2,889
EBITDA	89
Net Profit/Loss	51

Financial Ratios

Dividend Yield (12m)	3.87
Dividend Pay-out (%)	25.60
Price-Earnings Ratio(x)	17.07
Price-to-Book Ratio (x)	1.12
Book Value (AED)	1.06
Return-on Equity (%)	4.27

Stock Performance

5 Days	
1 Months	1.71%
3 Months	0.85%
6 Months	13.33%
1 Year	6.25%
Month to Date (MTD%)	6.25%
Quarter to Date (QTD%)	0.85%
Year to Date (YTD%)	6.25%

EBITDA margin grew from 37.3% in 2Q24 to 39.3% in 2Q25. The growth is driven by an increase in profit of the Education segment, partially offset by ramp-up costs in healthcare. Finance income fell 39.3% YOY to AED 3 Mn in 2Q25, owing to a lower cash balance and reduced market rates on fixed deposits. Furthermore, finance costs declined 4.3% YOY to AED 8 Mn in 2Q25. Amanat zakat expenses fell 8.6% YOY to AED 6 Mn in 2Q25. Share of NCI stood at AED 3 Mn in 2Q25 compared to AED 2 Mn in 2Q24.

Balance Sheet Highlights

Amanat's cash and cash equivalents declined substantially from AED 521 Mn in 1Q25 to AED 371 Mn in 2Q25, primarily due to the repayment of the Al Malaki debt facility, capex related to the expansion project in KSA, dividend payment, partially offset by cash generated from operations and dividend receipt from associate. Total debt fell from AED 326 Mn in 1Q25 to AED 299 Mn in 2Q25. Capex amounted to AED 34 Mn in 1H25. Trade & other receivable expanded from AED 308 Mn in 2024 to AED 335 Mn in 2Q25, attributed to new semester billings at HDC and MDX, along with the ramp-up of the new Khobar facility. Similarly, accounts & other payables declined from AED 201 in 4Q24 to AED 199 Mn in 2Q25, reflecting the timing of new academic fee billings in the Education segment.

Target Price and Rating

We revise our rating from BUY to ACCUMULATE on Amanat with an unchanged target price of AED 1.30. The Company's share price rose 10.4% since our last rating. Amanat reported a robust increase in bottom line, primarily driven by strong growth in the Education Segment and a higher contribution from associates, partially offset by ramp-up costs incurred at Khobar, which led to lower profitability in the Healthcare segment. The total beneficiaries and student base grew 17% YoY to c. 23.9k in 1H25, driven by a strong growth in the international students, coupled with HDC expansion. Additionally, students count at Middlesex University rose 18% YOY to 6.2k students, attributed to 40% YOY growth in international students, which now constitutes 45% of the student body. Furthermore, the number of beneficiaries at HDC rose 25% YOY to 6.4k with day centre students of 5.2k and school students of 1.2k in 1H25. The number of students at Abu Dhabi and Liwa University rose 13% YOY to 11.3k students in 1H25. The company plans to monetise its Education business and has signed a SPA to sell the North London Collegiate School's real estate assets for AED 453 Mn as part of its portfolio optimisation strategy, with the transaction expected to close by 3Q25. To further strengthen its education segment, the company is focusing on expanding in Saudi Arabia, with seven special education facilities under development, including two with potential residential capabilities. Additionally, it is also prioritizing higher education growth by increasing enrollments, particularly among international students, while expanding into the domestic UAE market. The Company's healthcare segment strengthened its capacity by adding new beds through refurbishment and expansion, increasing overall beds to 675 beds in 1H25. Post-2Q25, the capacity was further enhanced with the licensing of an additional 30 beds in Jeddah and 10 beds in Dhahran, while Amanat continues to assess further expansion opportunities. Furthermore, Jeddah beds are expected to grow from 170 to 200 post-period, with full capacity ramp-up impacting results in 2025–2026. The Company expects additional AED 30-40 Mn revenue from the complete ramp-up of the Jeddah facility. The company's UAE healthcare strategy focuses on expanding outpatient and home care services, diversifying into orthopedics and mental health, and targeting growth opportunities across Dubai and the Northern Emirates. The Company's MDX strengthened its position with the launch of The London Sports Institute, while NEMA Holding expanded capabilities post-period through the acquisition of Biz Group, a leading regional provider of corporate training and digital learning. Furthermore, the Company is actively evaluating bolt-on acquisitions in the UAE and Saudi Arabia for strategic alignment and better valuation. Thus, based on these factors, we assigned an ACCUMULATE rating on the stock.

Amanat Holdings - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	NA	10.41	25.53	59.19	20.25	13.20
PB	1.16	1.06	1.08	1.11	1.10	1.09
EV/EBITDA	NA	16.43	15.42	10.49	10.25	8.86
BVPS	1.00	1.11	1.09	1.05	1.06	1.07
EPS	0.00	0.11	0.05	0.02	0.06	0.09
DPS (AED)	NA	0.06	0.04	0.02	0.05	0.06
Dividend yield	NA	5.1%	3.4%	1.7%	3.9%	5.3%

FABS Estimates & Co Data

Amanat Holdings - P&L

AED mn	2Q24	1Q25	2Q25	2Q25F	var.	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	201	241	228	229	-0.4%	13.5%	-5.4%	796	911	14.4%
Direct costs	-112	-135	-132	-127	4.4%	18.1%	-1.8%	-442	-505	14.4%
Gross profit	88	106	95	102	-6.3%	7.7%	-10.0%	354	405	14.4%
G&A expenses	-59	-69	-65	-68	-4.6%	10.1%	-5.7%	-240	-270	12.2%
Income from finance lease	8	8	8	7	8.0%	0.1%	1.4%	32	30	-7.6%
Other Operating income	6	11	8	10	-20.0%	31.7%	-23.4%	35	46	30.9%
Share of result of Associates	12	5	18	13	36.6%	56.6%	235.9%	30	44	49.8%
Operating Expenses	-45	-51	-49	-51	-3.4%	8.9%	-3.1%	-173	-194	12.2%
Total Operating Profit	55	61	64	64	0.2%	17.0%	6.0%	210	255	21.3%
D&A expenses	21	24	26	23	9.6%	24.4%	7.8%	89	94	5.4%
EBITDA	75	84	89	88	2.1%	19.7%	6.4%	296	349	17.9%
Finance Income	5	4	3	4	-8.7%	-39.3%	-20.0%	22	19	-13.9%
Finance Cost	-8	-8	-8	-8	-5.8%	-4.3%	-5.7%	-36	-32	-10.1%
Gain on disposal of associates	0	0	0	0	NA	NA	NA	0	0	NA
Profit/Loss of the Company	52	57	60	60	0.4%	14.4%	5.8%	196	242	23.1%
Zakat	6	6	6	6	2.8%	-8.6%	-6.4%	22	20	-9.4%
Profit/Loss from cont. opt	46	51	54	54	0.2%	17.6%	7.3%	174	222	27.2%
Loss from discontinued opt.	-5	-6	-5	-3	56.2%	3.0%	-10.5%	-40	-22	-45.5%
Non-Controlling Interest	2	9	3	6	-47.5%	49.8%	-63.4%	31	33	NM
Net Profit attr. to equity	44	42	51	44	14.6%	16.0%	22.2%	143	188	31.4%

FABS estimate & Co Data

Amanat Holdings - Margins

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	44.1%	44.0%	41.8%	-225	-212	44.5%	44.5%	1
EBITDA	37.3%	34.9%	39.3%	202	438	37.2%	38.3%	113
Operating Profit	27.4%	25.2%	28.2%	84	305	26.4%	28.0%	158
Net Profit	21.9%	17.3%	22.4%	48	506	18.0%	20.7%	268

FABS estimate & Co Data

Valuation:

We use the Sum of the Total Parts (SOTP) and the Dividend Discount model (DDM) to value Amanat Holdings. We assign 50% weight each to SOTP and DDM to arrive at the total valuation.

Valuation Method	Target	Weight	Weighted Value
SOTP	1.60	50.0%	0.80
DDM	1.01	50.0%	0.50
Weighted Average Valuation (AED)			1.30
Current market price (AED)			1.17
Upside/Downside (%)			+11%

1) DDM Method:

Amanat Holdings' dividend grew in line with profit and pays regular dividends to its shareholders. It expects to pay at least 40% of the dividend of the full-year profit in the forecasted period. Thus, we have valued Amanat using the DDM valuation method. The dividend is discounted at the cost of equity of 9.8%.

Sum of PV (AED, Mn)	707
Terminal value (AED, Mn)	1,801
FV to Common shareholders (AED, Mn)	2,508
No. of share (Mn)	2,492
Current Market Price (AED)	1.17
Fair Value per share (AED)	1.01

DDM Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Dividend Paid	155	161	174	190	209
Total Dividend	155	161	174	190	209
Discounting Factor	0.97	0.88	0.80	0.73	0.66
Present Value of Dividend	150	141	139	138	139

Source: FAB Securities

2) SOTP Valuation:

Amanat owns interests in multiple entities across the Healthcare and Education sectors. We have used regional and global peers to value Amanat, which is valued using the EV/EBITDA and PE multiple in line with peers. Al Malaki Hospital has been considered nil as Amanat plans to sales its operation.

Name of Entity	% Owned	Type of Financials (AED, Mn)	Financial (AED, Mn)	Type of Valuation	Valuation Multiple	Valuation (AED, Mn)	% Of Value Attributable
Healthcare							
HC1	86.0%	EBITDA	92.2	EV/EBITDA	11.0	869.2	19.0%
Education							
NEMA Holding	35.0%	EBITDA	46.3	EV/EBITDA	23.4	1,083.0	23.7%
Middlesex University Dubai	100.0%	EBITDA	103.4	EV/EBITDA	12.7	1,310.7	28.6%
Human Development Co.	60.0%	EBITDA	113.1	EV/EBITDA	12.7	860.5	18.8%
NLCS RE ¹						453.0	9.9%
Enterprise value						4,576.5	
Add/(less): Present value of Headquarter expense						-479.1	
Add/(less): Net Cash ²						-109.8	
Equity Value						3,987.6	
Equity Value per share (AED)						1.60	

Source: FAB Securities

¹ Amanat entered into a sale and purchase agreement (SPA) to divest the real estate assets of NLCS RE for AED 453 Mn. The transaction will complete in 3Q25

² Net of cash, finance assets at fair value through OCI, lease liabilities and debt

Peers Valuation					
Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Education					
Taaleem Holdings PSC	1,320	16.4	12.2	32.1	30.7
Humansoft Holding Co KSCP	1,095	7.0	7.3	8.9	9.4
Lincoln Educational Services Corporation	612	12.7	10.6	40.0	29.7
New Oriental Education & Technology Group Inc	7,679	5.9	5.0	13.9	12.0
Graham holding	4,703	16.1	12.4	23.4	16.7
Average		11.6x	9.5x	23.7x	19.7x
Median		12.7x	10.6x	23.4x	16.7x
Max		16.1x	12.2x	32.1x	29.7x
Min		7.0x	7.3x	13.9x	12.0x

Source: FAB Securities

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
<u>Healthcare</u>					
Al Hammadi Holding Company,	1,454	13.1	11.6	17.6	16.1
Cleopatra Hospital Company	252	8.7	6.9	19.5	14.4
Middle East Healthcare Co	1,416	11.0	10.1	15.2	16.2
HCA Healthcare, Inc	94,227	9.5	9.2	15.3	14.2
Mouwasat Medical Services Co	3,955	14.7	13.3	20.0	18.3
Average		11.4x	10.2x	17.5x	15.8x
Median		11.0x	10.1x	17.6x	16.1x
Max		13.1x	11.6x	19.5x	16.2x
Min		9.5x	9.2x	15.3x	14.4x

Source: FAB Securities

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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