

Amanat Holdings PJSC

Current Price AED 1.06	Target Price AED 1.30	Upside/Downside (%) +23%	Rating BUY
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1Q25 Net Profit lower than our estimate

- Revenue rose 12.8% YOY to AED 241 Mn in 1Q25, owing to the strong growth in the Education segment revenue, partially offset by a decline in Healthcare segment revenue.
- Education segment revenue grew strongly 23.2% YOY to AED 152 Mn, whereas Healthcare segment revenue declined 1.6% YOY to AED 89 Mn in 1Q25.
- The total student base rose 17.9% YOY to c. 23,700 driven by HDC expansion and strong growth in international students. NEMA Holding and HDC enrolments rose 14% & 28% respectively on a YOY basis in 1Q25.
- Direct cost rose 18.8% YOY to AED 135 Mn in 1Q25.
- Gross profit grew 5.9% YOY to AED 106 Mn, however gross margins contracted 287 bps YOY to 44.0% in 1Q25.
- The Company's EBITDA increased 4.1% YOY to AED 84 Mn in 1Q25. EBITDA margin declined from 38.0% in 1Q24 to 35.1% in 1Q25.
- Amanat Holdings net profit declined 7.3% YOY to AED 38 Mn in 1Q25, mainly due to higher direct costs, G&A expenses, and loss from discontinued operations, partially offset by an increase in revenue, other operating income, and higher share from associates.
- In April 2025, shareholders approved a final cash dividend of AED 40 Mn, resulting in a total dividend distribution of AED 115 Mn for 2024.

Earnings Call Summary

- Healthcare capacity expansion is on track to meet the 700-bed target by the end of 2025.
- The Company had launched a PPP project, ZHO, with 8 additional beds in the UAE in 2024.
- Amanat Holding's Khobar facility, which was launched in November 2024, began operations with 30 beds and is currently in the ramp-up phase. Capacity expansion is planned to be implemented in phases throughout 2025 and 2026.
- The Company opened a new daycare centre in the Human Development Company (HDC). It further aims to open 7 new such facilities.
- The Company exercised the put option on its education real estate assets, a move expected to deliver proceeds exceeding book value and create additional value for shareholders.
- Amanat Holdings EBITDA margins contracted to 41% in the HDC in 1Q25 compared to 48% in 1Q24, primarily due to new daycare centres launched toward the end of 2024 and one additional centre opened in 1Q25. However, the Company expects the margins to recover by the end of 2025.
- The Company's healthcare revenue experienced a slight decline over the past 3–4 quarters due to challenges related to the ABM situation in the UAE. However, this impact was partially mitigated by ongoing cost-saving initiatives.
- The Jeddah facility is expected to have 200 beds online by the end of 2025. It anticipates full ramp-up and margin improvement in Jeddah by the end of 2026.
- Amanat Holdings is actively exploring divestment opportunities for Al Malaki Hospital; however, no definitive timeline has been established for the transaction.

Amanat Holdings – P&L

AED mn	1Q24	4Q24	1Q25	1Q25F	VAR	YOY Ch	QOQ Ch
Revenue	214	240	241	231	4.2%	12.8%	0.3%
Direct costs	-114	-116	-135	-122	10.1%	18.8%	16.2%
Gross profit	100	124	106	109	-2.6%	5.9%	-14.6%
Operating expenditure	-43	-39	-51	-63	-19.6%	17.9%	28.8%
Operating Profit	60	101	61	55	10.2%	0.6%	-40.0%
EBITDA	81	124	84	79	7.3%	4.1%	-31.9%
Profit Before Tax	58	99	57	52	9.8%	-2.3%	-43.0%
Tax	5	8	6	4	62.7%	17.4%	-23.7%
Profit After Tax from Cont. Opr	53	91	51	48	5.6%	-4.3%	-44.7%
Loss from Continuing Operation	-4	0	-6	0	NM	35.0%	NM
NCI	8	22	7	6	21.2%	-11.3%	NM
Profit for the period	41	69	38	42	-10.8%	-7.3%	-45.3%

FABS estimate & Co Data

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%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani +971-2-6161629 ahmad.banihani@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk +971-2-6161700/1 Online Trading Link
+971-2-6161777

Institutional Desk +971-4-4245765

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