

## ADNH Catering PLC (ADNHC)

<b>Current Price (AED)</b> 0.880 (▲+1.3%)	<b>Market Cap (AED/mm)</b> 1,980.00	<b>Shares Outstanding (mm)</b> 2,250.00	<b>52 Week High (AED)</b> 0.97
<b>Month to Date (MTD%)</b> 1.16%	<b>Quarter to Date (QTD%)</b> 1.16%	<b>Year to Date (YTD%)</b> -5.03%	<b>52 Week Low (AED)</b> 0.82
<b>Price-to-Earnings Ratio(x)</b> 14.26	<b>Price-to-Book Ratio (x)</b> 3.51	<b>Dividend Yield (12month)</b> 3.11	<b>Book Value (AED)</b> 0.24

### Key Highlights:

#### Net profit growth is driven by new contracts addition, a one-off element along with new acquisitions

- ADNH Catering's net profit rose 9.4% YOY to AED 34.7 Mn in 2Q25 (3.6% YOY lower than FABS estimates) leading to bottom line margins of 8.1%, mainly driven by top line growth with improved contract retention rate and new business wins despite the downsize of Zadsources GPO which was considered unattractive, higher other income and a one-off (Share of profit of investments accounted for using the equity method).
- The company's consolidated EBITDA was reported at AED 56 Mn in 2Q25, up by 4.8% YOY resulting in an industry leading EBITDA margin of 13.0%. The rise in EBITDA was supported by improved organic growth and acquisition of ADNHC Catering Dubai, ADNHC Catering Sharjah and Food Nation Catering Services LLC.
- ADNHC's revenue increased by 4.8% YOY to AED 427.7 Mn in 2Q25 (in line with FABS estimates) on the back of growth in catering (representing 62% of the revenue) and support services (representing 38% of the revenue) by launch of Task+ brand, securing 19 new contracts in 2Q25 under the Business & Industry, Correctional and Private Healthcare sector bringing the total number of contracts to 419 as of June 2025 along with leading the market with a solid client retention rate of 98.3%.
- Company's net finance costs doubled to AED 0.40 Mn in 2Q25 compared to 2Q24, arising from interest cost on short term loan in relation to a revolving credit facility and lower interest income on short-term deposits in 2Q25.
- The Cash and cash balances were reported at AED 102.2 Mn as of 2Q25 after repayment of bank loan of AED 50 Mn and cash dividends of AED 60 Mn. The cash liquidity ratio also stood at 0.23 in 2Q25.
- ADNH Catering is making great strides with "HUSK," its coffee and grab-and-go brand. It is evident that the HUSK concept can be applied strategically to boost sales and improve profits in the future periods. In 1H25, 32 stores were operational in the UAE, and another 18 will be opened in 2H25. This growth demonstrates the company's dedication to broadening its product line and improving client satisfaction.
- As a part of focus on providing value to shareholders, ADNHC intends to pay a dividend of AED 180 Mn with distributing dividend semi-annually in Oct 2025 and Apr 2026 subject to BOD approvals.
- The group's Sale and purchase agreement (SPA) to increase its stake in Compass Arabia Company (CAC) from 30% to 50%, is expected to be finalized during 3Q25 and post that CAC will become a consolidating subsidiary. In line with Saudi Arabia's economic development and the expansion of high-potential industries including private healthcare, energy, and infrastructure development, the company's strategy is to grow its Saudi operations by SAR 500 Mn over the next five years.
- Guidance:** ADNHC expects to grow its revenue by 5-7% annually from 2025 over the near and medium term, along with maintaining client retention rates above 95% and achieving an EBITDA margin of 13.5%-14.0% over the same period. The growth is expected to be supported by organic basis, excluding the KSA venture and Food Nation Catering. Additionally, the Group is still looking at some acquisitions that could help it reach its goals for scale and growth or gain a larger market share in certain industries.

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