

Amanat Holdings PJSC

Lower zakat expense boosted profitability

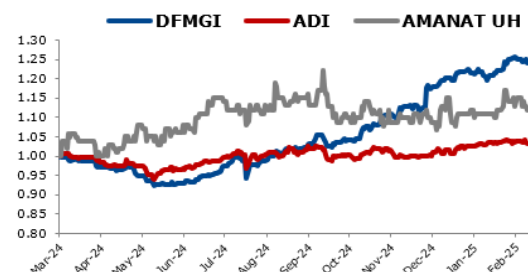
Current Price
AED 1.08

Target Price
AED 1.30

Upside/Downside (%)
+20%

Rating
BUY

- Amanat incurred a Zakat of AED 8 Mn in 4Q24 compared to AED 112 Mn in 4Q23.
- In the Education segment, Amanat witnessed record highest enrolments in FY2024 with the student base reaching c. 23,000.
- The Board of Directors recommended a cash dividend of 1.6 fils per share, amounting to AED 40 Mn for 2H24.
- The company holds AED 2.9 Bn in assets under management (AUMs), with 53% of assets in education and 47% in healthcare.
- The Company reported positive cash flow from operations of AED 172 Mn in 4Q24 compared to AED 101 Mn in 4Q23.



4Q24 net profit higher than our estimate

Amanat Holding PJSC (Amanat/The Company) recorded a net profit of AED 73 Mn in 4Q24 compared to a net loss of AED 32 Mn in 4Q23 owing to a significant decline in the zakat expense partially offset by higher operating expense.

P&L Highlights

Amanat's revenue grew 24.4% YOY to AED 230 Mn in 4Q24 owing to the strong growth in the Education segment revenue and Healthcare segment revenue. The Healthcare segment's revenue rose 5.8% YOY to AED 91 Mn in 4Q24 owing to solid performance of CMRC & Sukoon. The Education segment revenue surged 28.3% YOY to AED 163 Mn in 4Q24, mainly driven by the growth in Human Development Company (HDC), and Middlesex University in Dubai. Amanat's total platform income rose from AED 71 Mn in 4Q23 to AED 76 Mn in 4Q24, primarily due to growth in the Education segment partially offset by a decline in the Healthcare segment. The Company's Education platform income recorded an increase of 9.9% YOY to AED 66.4 Mn in 4Q24. The Healthcare platform income declined 5.7% YOY to AED 10.0 Mn in 4Q24 due to higher losses from Malaki Specialist Hospital. The Company's direct costs increased 39.9% YOY to AED 109 Mn in 4Q24. Thus, the gross profit rose 13.1% YOY to AED 121 Mn in 4Q24. Gross profit margin fell 525 bps YOY to 52.6% in 4Q24. G&A expenses grew 20.8% YOY to AED 50 Mn in 4Q24, while the income from the finance lease remained flat at AED 8 Mn in 4Q24. Other operating income fell from AED 12 Mn in 4Q23 to AED 8 Mn in 4Q24. Meanwhile, the share of results from associates increased 44.7% YOY to AED 16 Mn in 4Q24. Gain on disposal of associates remained nil in 4Q24. Thus, total operating expenses rose from AED 22 Mn in 4Q23 to AED 34 Mn in 4Q24. As a result, the Company recorded a rise in total operating profit of 6.7% YOY to AED 103 Mn in 4Q24. Additionally, Adjusted EBITDA rose 7.3% YOY to AED 124 Mn in 4Q24.

Stock Information

Market Cap (AED, mm)	2,700.00
Paid Up Capital (mm)	2,500.00
52 Week High	1.22
52 Week Low	1.01
3M Avg. daily value (AED)	2,263,971

4Q24 Result Review (AED, mm)

Total Assets	3,909
Total Liabilities	1,090
Total Equity	2,819
EBITDA	124
Net Profit/Loss	73

Financial Ratios

Dividend Yield (12m)	5.31
Dividend Pay-out (%)	25.60
Price-Earnings Ratio(x)	17.19
Price-to-Book Ratio (x)	1.05
Book Value (AED)	1.03
Return-on Equity (%)	4.46

Stock Performance

5 Days	
1 Months	-0.92%
3 Months	-0.92%
6 Months	0.00%
1 Year	-5.26%
Month to Date (MTD%)	4.85%
Quarter to Date (QTD%)	-0.92%
Year to Date (YTD%)	-3.57%

EBITDA margin declined from 62.6% in 4Q23 to 53.9% in 4Q24. Depreciation and amortization expenses rose from AED 19 Mn in 4Q23 to AED 27 Mn in 4Q24. Finance income fell 24.1% YOY to AED 5 Mn in 4Q24. Finance costs rose from AED 2 Mn in 4Q23 to AED 4 Mn in 4Q24. Amanat incurred a Zakat of AED 8 Mn in 4Q24 compared to AED 112 Mn in 4Q23. Share of NCI stood at AED 22 Mn in 4Q24 compared to AED 21 Mn in 4Q23.

Balance Sheet Highlights

Amanat's cash and cash equivalent fell from AED 570 Mn in 3Q24 to AED 503 Mn in 4Q24. Total debt fell 17.2% YOY to AED 338 Mn in 4Q24. Lease liabilities grew from AED 185 Mn in 3Q24 to AED 193 Mn in 4Q24. The Company reported positive cash flow from operations of AED 172 Mn in 4Q24 compared to AED 101 Mn in 4Q23.

Target Price and Rating

We maintain our BUY rating on Amanat with a target price of AED 1.30. The Company reported robust topline driven by solid performance of healthcare as well as education segment. In the Education segment, Amanat witnessed record highest enrolments in FY2024 with the student base reaching c. 23,000. The company holds AED 2.9 Bn in assets under management (AUMs), with 53% of assets in education and 47% in healthcare. Middlesex University's enrolments grew 16% YOY while NEMA and HDC's student base grew 14% and 29% on a YOY basis. HDC launched 8 new centers in FY2024 and 8 more centers are in the pipeline and will be opened in 2H25. Amanat is considering the monetization of its education business, with plans for a potential IPO that would unlock significant value for shareholders. Amanat is focusing on expanding its tech-based offerings through the Knowledge Group, catering to the growing demand for digital learning solutions. In line with its aim to drive organic growth, the Company also focuses on increasing enrolments and expanding into new service lines. The strategic organic and inorganic expansion plans are likely to increase the student base and boost the revenue. The healthcare sector was driven by the expansion of long-term care (LTC) beds, including the successful opening of the Hobart facility with 30 beds in November 2024 and the continued expansion in Jeddah with plans for 200 beds by 2H25. The cessation of COVID-related treatment programs in the UAE partially impacted healthcare revenue and EBITDA for FY2024. The ongoing development projects include additional beds in Jeddah and other cities in Saudi Arabia. The company is also exploring expansion opportunities in the UAE, particularly in outpatient revenues and complementary services such as orthopedics and mental health. The Board of Directors recommended a cash dividend of 1.6 fils per share, amounting to AED 40 Mn for 2H24. This brings the total dividend payout for FY2024 to AED 115 Mn, amounting to 4.6 fils per share. Thus, considering all these factors, we assign a BUY rating on the stock.

Amanat Holdings - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	NA	9.7	23.8	55.4	19.0	16.7
PB	1.1	1.0	1.0	1.0	1.0	1.0
EV/EBITDA	NA	15.1	14.4	10.3	9.7	9.1
Dividend yield	0.0%	5.5%	3.8%	1.9%	4.3%	4.3%

FABS Estimates & Co Data

Amanat Holdings – P&L

AED mn	4Q23	3Q24	4Q24	4Q24F	Var.	YOY Ch	QOQ Ch	2023	2024	Change
Revenue	185	133	230	241	-4.4%	24.4%	73.0%	680	796	17.1%
Direct costs	-78	-95	-109	-114	-4.4%	39.9%	14.5%	-361	-442	22.6%
Gross profit	107	38	121	127	-4.5%	13.1%	NM	319	354	11.0%
G&A expenses	-42	-60	-50	-64	-21.7%	20.8%	-16.5%	-199	-240	21.0%
Income from finance lease	8	8	8	8	-4.8%	-2.0%	0.0%	33	32	-3.6%
Impairment of goodwill	0	0	0	0	NM	NM	NM	0	0	NM
Other Operating income	12	13	8	11	-28.6%	-32.6%	-37.5%	26	35	36.1%
Gain on disposal of associates	0	0	0	0	NM	NM	NM	10	0	NM
Share of result of Associates	11	-2	16	0	NM	44.7%	NM	18	30	62.3%
Operating Expenses	-22	-39	-34	-45	-23.1%	58.9%	-13.0%	-130	-173	33.2%
Total Operating Profit (EBIT)	97	-3	103	82	25.7%	6.7%	NM	207	210	1.5%
D&A expenses	19	21	27	37	-28.7%	40.4%	25.2%	80	89	12.0%
Adj. EBITDA	116	18	124	120	3.2%	7.3%	NM	269	296	10.1%
Finance Income	7	6	5	2	NM	-24.1%	-12.2%	21	22	2.7%
Finance Cost	-2	-11	-4	-14	-71.7%	82.0%	-62.5%	-37	-36	-1.6%
Profit/Loss of the Company	101	-8	104	70	48.3%	NM	NM	192	196	NM
Zakat	112	2	8	3	NM	-92.8%	NM	115	22	-80.8%
Profit/Loss from cont. opt	-11	-11	96	67	42.1%	NM	39.6%	77	174	NM
Non-Controlling Interest	21	0	22	16	43.7%	8.1%	NM	28	31	NM
Net Profit	-32	-11	73	52	41.7%	NM	NM	49	143	NM

FABS estimate & Co Data

Amanat Holdings - Margins

	4Q23	3Q24	4Q24	YOY Ch	QOQ Ch	2023	2024	Change
Gross Profit	57.8%	28.4%	52.6%	-525	2,421	47.0%	44.5%	-246
EBITDA	62.6%	13.6%	53.9%	-862	4,038	39.6%	37.2%	-235
Operating Profit	52.3%	-2.4%	44.8%	-747	NM	30.5%	26.4%	-406
Net Profit	-17.3%	-8.4%	31.9%	4,920	NM	7.2%	18.0%	NM

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	1.52	50.0%	0.76
DDM	1.07	50.0%	0.54
Weighted Average Valuation (AED)			1.30
Current market price (AED)			1.08
Upside/Downside (%)			+20%

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 9.4%.

Sum of PV (AED, Mn)	689
Terminal value (AED, Mn)	1,986
FV to Common shareholders (AED, Mn)	2,675
No. of share (Mn)	2,492
Current Market Price (AED)	1.08
Fair Value per share (AED)	1.07

DDM Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Dividend Paid	131	165	181	202	222
Total Dividend	131	165	181	202	222
Discounting Factor	0.93	0.85	0.78	0.71	0.65
Present Value of Dividend	121	140	141	143	144

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 it is taken as discontinued operation by the Company

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	94.1	EV/EBITDA	13.3	1,077.6	24.9%
Education							
NEMA Holding	35.0%	EBITDA	34.5	EV/EBITDA	19.1	657.8	15.0%
Middlesex University Dubai	100.0%	EBITDA	100.3	EV/EBITDA	11.8	1,185.4	27.0%
Human Development Co.	60.0%	EBITDA	117.6	EV/EBITDA	11.8	833.4	19.2%
NLCS RE	100.0%	Net Profit	29.6	PE	17.2	509.8	11.8%
BEGiN	1.0%	Investment value		Investment value		19.0	0.4%
Enterprise value						4,283.0	
Add/(less): Present value of Headquarter expense						-466.7	
Add/(less): Net Cash						-28.6	
Equity Value						3,787	
Equity Value per share (AED)						1.52	

Source: FAB Securities

Peers Valuation					
Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Education					
Taaleem Holdings PSC	1,042	13.9	12.3	23.9	26.1
Humansoft Holding Co KSCP	1,126	6.3	6.8	8.0	8.6
Lincoln Educational Services Corporation	551	11.8	9.8	51.3	30.1
New Oriental Education & Technology Group Inc	8,006	7.2	5.5	16.7	12.6
Graham holding	4,141	13.7	10.6	19.1	14.2
Average		10.6x	9.0x	23.8x	18.3x
Median		11.8x	9.8x	19.1x	14.2x
Max		13.7x	10.6x	23.9x	26.1x
Min		7.2x	6.8x	16.7x	12.6x

Source: FAB Securities

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Healthcare					
Al Hammadi Holding Company,	1,745	14.9	13.6	21.9	19.6
Cleopatra Hospital Company	238	10.3	7.6	16.7	14.3
Middle East Healthcare Co	1,804	13.3	11.7	24.8	19.7
HCA Healthcare, Inc	79,378	8.5	8.1	12.8	11.5
Mouwasat Medical Services Co	4,454	14.3	12.5	19.6	16.8
Average		12.3x	10.7x	19.2x	16.4x
Median		13.3x	11.7x	19.6x	16.8x
Max		14.3x	12.5x	21.9x	19.6x
Min		10.3x	8.1x	16.7x	14.3x

Source: FAB Securities

Company	Market (SAR Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
REIT					
Medical Properties Trust, Inc	3,441	15.5	14.2	NM	NM
Omega Healthcare Investors, Inc	10,583	13.8	13.2	22.7	21.6
W. P. Carey Inc	14,236	15.7	14.7	28.2	23.8
H&R Real Estate Investment Trust	1,851	10.7	10.6	8.7	8.4
Tecom	4,111	10.0	9.5	11.7	10.8
Average		13.1x	12.5x	17.8x	16.1x
Median		13.8x	13.2x	17.2x	16.2x
Max		15.5x	14.2x	24.1x	22.2x
Min		10.7x	10.6x	10.9x	10.2x

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%

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 +971-2-6161777 Online Trading Link
Institutional Desk +971-4-4245765

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorised by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.