

Alef Education Holding PLC

Current Price (AED)	Market Cap (AED/mm)	Shares Outstanding (mm)	52 Week High (AED)
0.95 (▲1.28%)	6,650.00	7,000.00	1.35
Month to Date (MTD%)	Quarter to Date (QTD%)	Year to Date (YTD%)	52 Week Low (AED)
1.28%	-10.38%	-17.39%	0.91
Price-to-Earnings Ratio(x)	Price-to-Book Ratio (x)	Dividend Yield (12month)	Book Value (AED)
12.17	9.86	10.15	0.10

Key Highlights:

Alef Education's 1Q25 results demonstrate a solid foundation for growth, characterized by steady revenue and profit increases, a debt-free balance sheet, global expansion and a commitment to shareholder returns through dividends.

- Alef's Education Holding's net profit rose 2% YoY to AED 115.3 Mn in 1Q25 driven by consistent top line growth with the successful execution of new contracts, increase in Interest income and company's continued focus on operational efficiency partially offset by increase in Income tax expense leading to a stable net profit margin of 64%. (EPS is 1.65 fils for 1Q25)
- Alef Education Holding's revenue rose 2% YoY to AED 179.7 Mn in 1Q25, this modest growth reflects the company's ability to secure new contracts, notably the 3-year extension with the Abu Dhabi Department of Education & Knowledge (ADEK) through 2033, ensuring a stable revenue base. The increase is also supported by expansion into markets like Indonesia, indicating early success in diversifying revenue streams beyond the UAE.
- The company's total expenses including depreciation and amortisation and lease expenses rose by 1% YoY to AED 56.4 Mn in 1Q25. The increase is in line with the growth in revenue. The company's focus lies on cost discipline with higher importance to return initiatives along with maintaining growth in profitability.
- EBITDA rose 2% YoY to AED 132.8 Mn in 1Q25, with a market-leading margin of 74% driven by consistent revenue growth and cost optimization. The stability in margins, despite revenue growth, suggests a resilient business model well-positioned to weather market fluctuations.
- Alef Education Holding's maintains a strong balance sheet supported by debt free model and cash and cash equivalents balances of AED 402.6 Mn in 1Q25. This liquidity, coupled with a current ratio of 2.7x (down from 5.6x in FY 2024 due to dividend payouts), provides significant financial flexibility for investments in innovation (Miqyas Al Dhad) and potential acquisitions and provides enough room for future growth and provide value to the shareholders through sustained dividend distributions.
- The company collected AED 225.2 Mn in 1Q25 from customers that were due as of 2024 totaling AED 318.5 Mn supported by efficient working capital management.
- The company's total liabilities were reported at AED 394.6 Mn in 1Q25 which is more than double compared to AED 164.4 Mn in 4Q24 due to recognition of AED 199.2 Mn in dividend liability with respect to the approved final dividend for full year 2024, and Deferred revenue of AED 78.2 Mn due to be recognized as solution fee revenue in 2025.
- The reaffirmed FY 2025 dividend commitment of AED 135 million (10 Fils per share) reflects a 90% payout ratio of annual profits, signaling a shareholder-friendly approach. This consistent dividend program, supported by strong cash flows, could attract income-focused investors.

- Key operational developments include new contract wins with growth drive momentum across UAE, Indonesia, Senegal and beyond, 3-year ADEK contract extension secures UAE core revenue until 2033. Also, Miqyas Al Dhad has reached 86% completion and is on track for a Q3 2025 launch, potentially converting it into a new revenue stream in Arabic language literacy.
- **Guidance:** The company expects the revenue to grow by 3-4% YoY in 2025 and the bottom line is expected to grow by 6-7% YoY in 2025 resulting in a strong and consistent margin of 60%. Meanwhile, EBITDA is expected to grow by 8-9% YoY in 2025, generating a higher EBITDA margin of 70%.

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