

Amanat Holdings PJSC

Higher direct cost and G&A expenses impacted bottom line

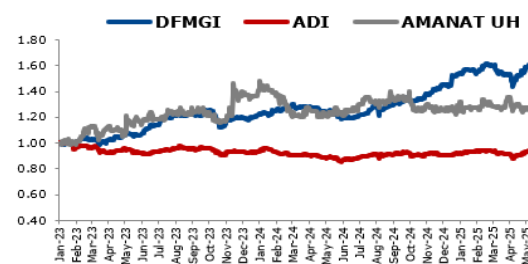
Current Price
AED 1.06

Target Price
AED 1.30

Upside/Downside (%)
+23%

Rating
BUY

- Amanat's revenue grew 12.8% YOY to AED 241 Mn, while EBITDA grew 4.1% YOY to AED 84 Mn in 1Q25.
- In the Education segment, Amanat recorded strong enrolments in 1Q25 with the student base reaching c. 23,700.
- The Company opened a new daycare centre in 1Q25 and plans seven additional centres under HDC.
- Amanat holds AED 2.9 Bn in assets under management (AUMs), with 54% of assets in education and 46% in healthcare.
- Shareholders approved a final cash dividend of AED 40 Mn in April 2025, resulting in a total dividend distribution of AED 115 Mn (4.6 fils per share) for 2024.



1Q25 net profit lower than our estimate

Amanat Holding PJSC (Amanat/The Company) net profit declined 7.3% YOY to AED 38 Mn in 1Q25 lower than our estimate by AED4 Mn, mainly due to higher direct costs arising from Jeddah bed expansion and ramp up costs for new Khobar facility, G&A expenses, and loss from discontinued operations, partially offset by an increase in revenue, other operating income, and higher share from associates.

P&L Highlights

Amanat's revenue grew 12.8% YOY to AED 241 Mn in 1Q25, primarily attributable to the strong growth in the Education segment, partially offset by a marginal decline in Healthcare segment revenue. Healthcare segment's revenue declined 1.6% YOY to AED 89 Mn in 1Q25, primarily due to the discontinuation of COVID-related treatment programs in the UAE, partially offset by revenue growth in Dhahran and Khobar. The Education segment revenue surged 23.2% YOY to AED 152 Mn in 1Q25, driven by continued growth in enrollment and beneficiary numbers at Middlesex University Dubai (MDX) and Human Development Company (HDC). Amanat's total platform income declined from AED 54 Mn in 1Q24 to AED 53 Mn in 1Q25, primarily due to a decline in the Healthcare segment. The Company's Education platform income recorded an increase of 5.4% YOY to AED 49.0 Mn in 1Q25. The Healthcare platform income declined significantly from AED 7.9 Mn in 1Q24 to AED 4.2 Mn in 1Q25 due to losses from Malaki Specialist Hospital and lower income from Cambridge Medical & Rehabilitation Centre (CIMR) and Sukoon. The Company's direct costs increased 18.8% YOY to AED 135 Mn in 1Q25. Thus, the gross profit rose 5.9% YOY to AED 106 Mn in 1Q25. Gross profit margin fell 287 bps YOY to 44.0% in 1Q25. G&A expenses grew 17.8% YOY to AED 69 Mn in 1Q25, while the income from the finance lease declined 2.4% YOY to AED 8 Mn in 1Q25. Other operating income grew from AED 8 Mn in 1Q24 to AED 11 Mn in 1Q25.

Stock Information

Market Cap (AED, mm)	2,650.00
Paid Up Capital (mm)	2,500.00
52 Week High	1.22
52 Week Low	1.03
3M Avg. daily value (AED)	1,801,596

1Q25 Result Review (AED, Mn)

Total Assets	4,016
Total Liabilities	1,128
Total Equity	2,645
EBITDA	84
Net Profit/Loss	38

Financial Ratios

Dividend Yield (12m)	4.34
Dividend Pay-out (%)	25.60
Price-Earnings Ratio(x)	16.45
Price-to-Book Ratio (x)	1.03
Book Value (AED)	1.03
Return-on Equity (%)	4.46

Stock Performance

5 Days	
1 Months	0.00%
3 Months	-0.93%
6 Months	-5.36%
1 Year	0.00%
Month to Date (MTD%)	1.92%
Quarter to Date (QTD%)	-1.85%
Year to Date (YTD%)	-7.83%

Meanwhile, the share of results from associates increased from AED 3 Mn in 1Q24 to AED 5 Mn in 1Q25. Thus, total operating expenses rose 17.9% YOY to AED 51 Mn in 1Q25. As a result, the Company recorded a marginal rise in total operating profit of 0.6% YOY to AED 61 Mn in 1Q25. Amanat's EBITDA rose 4.1% YOY to AED 84 Mn in 1Q25, however EBITDA margin declined from 38.0% in 1Q24 to 35.1% in 1Q25. The decline in EBITDA was driven by pre-opening costs related to Jeddah bed expansion, ramp up costs associated with new Khobar facility, head office costs for Almasar and pre-opening costs for the newly launch SEN daycare centers. Depreciation and amortization expenses rose 14.4% YOY to AED 24 Mn in 1Q25. Finance income fell 29.3% YOY to AED 4 Mn in 1Q25. Finance costs remained stable at AED 8 Mn in 1Q25 compared to 1Q24. Amanat incurred a Zakat of AED 6 Mn in 1Q25 compared to AED 5 Mn in 1Q24. Share of NCI stood at AED 7 Mn in 1Q25 compared to AED 8 Mn in 1Q24.

Balance Sheet Highlights

Amanat's cash and cash equivalents grew from AED 503 Mn in 4Q24 to AED 521 Mn in 1Q25. Total debt fell from AED 338 Mn in 4Q24 to AED 326 Mn in 1Q25. Lease liabilities grew from AED 193 Mn in 4Q24 to AED 201 Mn in 1Q25. The Company's cash flow from operations declined from AED 81 Mn in 1Q24 to AED 20 Mn in 1Q25, owing to increased working capital activities.

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 across the Education segment, partially offset by a decline in the Healthcare segment in 1Q25. The Company holds AED 2.9 Bn in assets under management (AUMs), with 54% of assets in education and 46% in healthcare. In the Education segment, Amanat recorded strong enrolments in 1Q25 with the student base reaching c. 23,700, supported by rising international student intake and the expansion of HDC. MDX's enrolments grew 15% YOY while NEMA and HDC's student base grew 14% and 28% on a YOY basis during 1Q25. The Company remains committed to scaling its education platform, having opened a new daycare centre in 1Q25 and planning seven additional centres under HDC. A capex plan of SAR 100 Mn has also been approved for further development across centres, residential facilities, and schools within HDC. In 1Q25, the Company's EBITDA margin in the HDC contracted to 41%, 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, Amanat expects the margins to recover by the end of 2025 as these facilities reach operational efficiency. In addition to organic growth initiatives, Amanat is actively exploring the monetization of its education portfolio, with a potential IPO under consideration a move that could unlock substantial value for shareholders. The Company's continued focus on enrollment growth, service line expansion, and both organic and inorganic growth strategies are likely to increase the student base and boost the revenue. The 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 Healthcare segment continues to progress toward its goal of reaching a 700-bed capacity by the end of 2025. In Saudi Arabia, bed capacity in Jeddah has expanded to 170, with an additional 30 beds expected to come online in 2025. The Company's new Khobar facility, which commenced operations in November 2024 with an initial 30 beds, is currently in the ramp-up phase, with further phased capacity additions planned through 2025 and 2026. Amanat is also actively exploring expansion opportunities in the UAE, with a strategic focus on outpatient services and complementary specialties such as orthopedics and mental health, aligning with the region's evolving healthcare needs. Moreover, the Company's shareholders approved a final cash dividend of AED 40 Mn in April 2025, resulting in a total dividend distribution of AED 115 Mn for 2024. Thus, considering all these factors, we assign a BUY rating on the stock.

Amanat Holdings - Relative valuation

(at CMP)	2021	2022	2023	2024	2025F
PE	9.4	23.1	53.9	18.5	12.1
PB	1.0	1.0	1.0	1.0	1.0
EV/EBITDA	14.6	14.0	10.0	9.4	8.1
DPS (AED)	0.060	0.040	0.020	0.046	0.070
Dividend yield	5.7%	3.8%	1.9%	4.3%	6.6%

FABS Estimates & Co Data

Amanat Holdings - P&L

AED Mn	1Q24	4Q24	1Q25	1Q25F	VAR	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	214	240	241	231	4.2%	12.8%	0.3%	796	915	15.0%
Direct costs	-114	-116	-135	-122	10.1%	18.8%	16.2%	-442	-508	15.0%
Gross profit	100	124	106	109	-2.6%	5.9%	-14.6%	354	407	15.0%
G&A expenses	-59	-55	-69	-71	-2.7%	17.8%	24.6%	-240	-224	-6.8%
Income from finance lease	8	8	8	7	5.6%	-2.4%	-2.9%	32	30	-7.6%
Other Operating income	8	8	11	1	NM	37.9%	31.3%	35	3	NM
Share of result of Associates	3	16	5	9	-42.3%	68.4%	-67.3%	30	32	9.9%
Operating Expenses	-43	-39	-51	-63	-19.6%	17.9%	28.8%	-173	-191	10.3%
Total Operating Profit (EBIT)	60	101	61	55	10.2%	0.6%	-40.0%	210	249	18.2%
D&A expenses	21	27	24	24	0.7%	14.4%	-10.4%	89	94	5.5%
EBITDA	81	124	84	79	7.3%	4.1%	-31.9%	296	343	15.7%
Finance Income	6	5	4	5	-12.3%	-29.3%	-16.5%	22	19	-13.9%
Finance Cost	-8	-7	-8	-8	-0.3%	NM	22.5%	-36	-32	-10.1%
Profit/Loss of the Company	58	99	57	52	9.8%	-2.3%	-43.0%	196	235	19.8%
Zakat	5	8	6	4	62.7%	17.4%	-23.7%	22	15	-31.0%
Profit/Loss from cont. opt	53	91	51	48	5.6%	-4.3%	-44.7%	174	220	26.2%
Loss from discontinued opt.	-4	0	-6	0	NM	35.0%	NM	-40	-14	NM
Non-Controlling Interest	8	10	7	6	21.2%	-11.3%	NM	18	37	107.1%
Net Profit	41	82	38	42	-10.8%	-7.3%	-54.0%	116	169	45.7%

FABS estimate & Co Data

Amanat Holdings - Margins

	1Q24	4Q24	1Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	46.8%	51.6%	44.0%	-287	-767	44.5%	44.5%	1
EBITDA	38.0%	51.7%	35.1%	-290	-1,658	37.2%	37.5%	23
Operating Profit	28.2%	42.1%	25.2%	-305	-1,693	26.4%	27.2%	74
Net Profit	19.0%	34.1%	15.6%	-339	-1,844	14.6%	18.4%	389

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	1.59	50.0%	0.80
DDM	1.01	50.0%	0.50
Weighted Average Valuation (AED)			1.30
Current market price (AED)			1.06
Upside/Downside (%)			+23%

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)	720
Terminal value (AED, Mn)	1,795
FV to Common shareholders (AED, Mn)	2,516
No. of share (Mn)	2,492
Current Market Price (AED)	1.06
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	176	165	177	193	213
Total Dividend	176	165	177	193	213
Discounting Factor	0.94	0.86	0.78	0.71	0.65
Present Value of Dividend	166	141	138	137	138

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	12.5	1,009.8	22.8%
Education							
NEMA Holding	35.0%	EBITDA	34.5	EV/EBITDA	21.1	725.9	16.4%
Middlesex University Dubai	100.0%	EBITDA	100.8	EV/EBITDA	12.8	1,288.3	29.1%
Human Development Co.	60.0%	EBITDA	115.6	EV/EBITDA	12.8	886.8	20.0%
NLCS RE	100.0%	Net Profit	29.6	PE	16.6	490.9	11.1%
BEGIN	1.0%	Investment value		Investment value		22.9	0.5%
Enterprise value						4,424.6	
Add/(less): Present value of Headquarter expense						-448.4	
Add/(less): Net Cash						-5.8	
Equity Value						3,970.3	
Equity Value per share (AED)						1.59	

Source: FAB Securities

Peers Valuation					
Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Education					
Taaleem Holdings PSC	978	12.8	11.3	22.4	24.4
Humansoft Holding Co KSCP	1,163	5.9	6.7	8.9	10.1
Lincoln Educational Services Corporation	657	13.4	11.0	51.0	30.3
New Oriental Education & Technology Group Inc	8,199	8.2	6.7	17.7	14.0
Graham holding	4,233	14.8	11.4	21.1	15.0
Average		11.0x	9.4x	24.2x	18.8x
Median		12.8x	11.0x	21.1x	15.0x
Max		13.4x	11.3x	22.4x	24.4x
Min		8.2x	6.7x	17.7x	14.0x

Source: FAB Securities

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Healthcare					
Al Hammadi Holding Company,	1,702	14.5	13.4	20.8	18.8
Cleopatra Hospital Company	240	8.7	6.9	19.5	14.4
Middle East Healthcare Co	1,570	12.5	10.9	17.0	17.6
HCA Healthcare, Inc	88,411	9.2	8.8	14.5	13.1
Mouwasat Medical Services Co	4,138	14.3	12.8	21.0	18.3
Average		11.8x	10.6x	18.6x	16.5x
Median		12.5x	10.9x	19.5x	17.6x
Max		14.3x	12.8x	20.8x	18.3x
Min		9.2x	8.8x	17.0x	14.4x

Source: FAB Securities

Company	Market (SAR Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
REIT					
Medical Properties Trust, Inc	2,962	16.4	13.6	NM	114.5
Omega Healthcare Investors, Inc	10,392	13.5	12.8	21.4	19.7
W. P. Carey Inc	13,141	15.2	14.1	24.6	23.5
H&R Real Estate Investment Trust	1,904	11.2	10.8	8.7	8.4
Tecom	4,220	9.9	9.3	11.8	10.7
Average		13.2x	12.1x	16.6x	35.4x
Median		13.5x	12.8x	16.6x	19.7x
Max		15.2x	13.6x	22.2x	23.5x
Min		11.2x	10.8x	11.0x	10.7x

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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