

# ALPHA DHABI HOLDING PJSC

## Management Discussion & Analysis

For the Year Ended 31 December 2023

DATE: February 13, 2024

Alpha Dhabi Holding PJSC

Ticker: ALPHADHABI

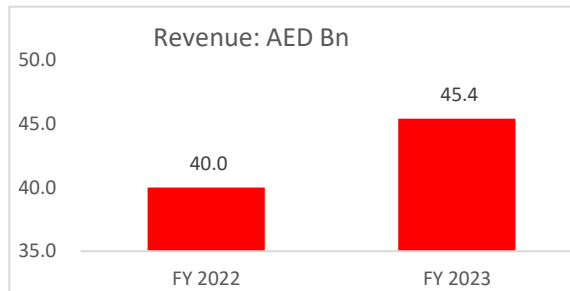
Market Cap: AED 172 Bn

(As at 09.02.2024)

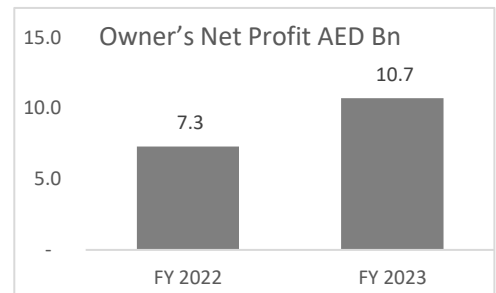
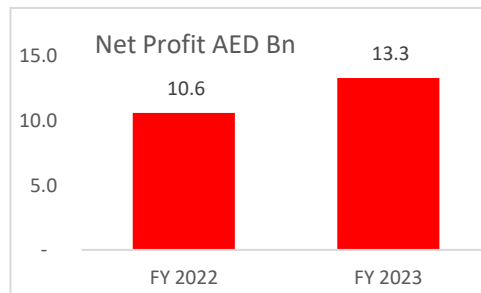
Alpha Dhabi Holding PJSC (“ADH”) reports a Group net profit of **AED 13.3 Bn** for the year ended December 2023, showing continued momentum in the execution of its strategy across key verticals and commitment to generate higher shareholder value.

## Investor Metrics:

Revenue

**AED 45.4 Bn**14% Increase  
(YOY)

Net Profit

**AED 13.3 Bn**25% Increase  
(YOY)

Net Margin

**29%**

+290bps YoY

Earnings Per Share

**AED 1.06**

+45% YoY

EBITDA

**AED 16.5 Bn**

+26% YoY

EBITDA Margin

**36%**

+360bps YoY

Total Assets

**AED 140.4 Bn**7% Increase  
(YOY)

Total Equity

**AED 76.0 Bn**9% Increase  
(YOY)

Total Liabilities

**AED 64.4 Bn**6% Increase  
(YOY)

Cash Balance

**AED 20.2 Bn**21% Decrease  
(YOY)

Net Debt

**AED 4.0 Bn**Net Debt to  
EBITDA**0.2x**

Return on Equity

**25%**

## Company Overview

**95,000+**  
Employees

**250+**  
Businesses

### 8 Verticals

8<sup>th</sup> Vertical Alpha Dhabi Climate Capital was launched in 2023 to support the vision of COP28

A leading **Investment Holding company**, with **eight operating verticals** and 250+ businesses across Middle East, Europe, Asia and North America, each of which is committed to being elevated to achieve its potential.

### Strategic Investments

Investments in which the group has control or significant influence and is able to participate and support in the growth strategy of the respective businesses.

Listed

Key listed strategic investments as at 31 December 2023 are:



Non-Listed

The group has a wide portfolio of strategic investments in privately held companies such as Trojan Construction Group, Mawarid Holding Investment LLC, ADMO Lifestyle Holding.

Industrial

Construction

Real Estate

Healthcare

Hospitality

Energy

Services

Climate Capital

### Financial Investments

Investments in which the group does not have any control or significant influence.

Listed

- The Group participates as a cornerstone investor in the IPOs
- The Group also closely monitors the stock exchanges in and outside UAE and from time to time invests in public trading companies

Non-Listed

The group has a wide portfolio of financial investments across geographies such as MICAD Credit JV in partnership with Mubadala and Alpha Wave Ventures.

## Built on strong key values focused on maximizing share holders returns

### Strengthening Portfolio



Significant capital deployment, successful expansion of our platform, and enhancing our geographic footprint.

### Corporate Governance



The group maintains a steadfast commitment to corporate governance.

### Effective Leadership



Strong performance delivered by highly engaged colleagues and business leaders focused on building world class organizations.

### Transformation



The group continuously seeks to identify and deliver transformation of its portfolio through digital and process transformation.

## Management Discussion & Analysis

ADH is pleased to present its report on the performance of the Group for the year ended 31 December 2023. This report should be read in conjunction with the consolidated audited financial statements for the same period.

### Profit & loss analysis for the period ending December 2023

<i>Income Statement Summary (AED'Bn)</i>	<b>FY 2023</b>	<b>FY 2022</b>	<b>YOY %</b>
Revenue	<b>45.4</b>	40.0	14%
Gross profit	<b>9.3</b>	9.7	-4%
EBITDA	<b>16.5</b>	<b>13.1</b>	26%
Net profit	<b>13.3</b>	10.6	25%
<i>EBITDA margin</i>	<b>36%</b>	33%	
<i>Net margin</i>	<b>29%</b>	27%	

**Revenue:** The Group generated revenue of AED 45.4 Bn during the year ended 31 December 2023, equivalent to 14% YOY growth, driven by the following:

- Increased revenue across the major business segments.
- Growth also reflects the contribution of strategic acquisitions and investments made since 2022.

**Gross Profit:** The Group reported a gross profit of AED 9.3 Bn with a gross margin of 20% reflecting the impact of both organic growth and acquisitions.

**Expense Analysis:** General and administrative expenses for the year were AED 4.0 Bn versus AED 4.8 Bn for year 2022, with the decrease arising from cost control measures implemented and the derecognition of Pure Health.

#### **Other Income:**

- During the year, the group derecognized its ownership interest in Pure Health Holding resulting in a fair value gain of AED 7.5 Bn.

**Net Profit:** The group reported a net profit of AED 13.3 Bn against AED 10.6 Bn during the comparable period in 2022, with a year-on-year growth of 25%.

**Earnings per share:** Earnings per share for the year was AED 1.06 per share, as compared to AED 0.73 for year 2022, an increase of 45%.

## Balance Sheet Analysis as at December 2023

<b>Balance Sheet Summary (AED'Bn)</b>	<b>FY 2023</b>	<b>FY 2022</b>	<b>YOY %</b>
<b>Total assets</b>	<b>140.4</b>	131.0	7%
Current assets	72.8	74.9	-3%
Assets of group held-for-sale	0.7	-	nmf
Non current Assets	66.9	56.1	19%
<b>Total liabilities</b>	<b>64.4</b>	61.0	6%
Current liabilities	37.3	37.5	0%
Liabilities of group held-for-sale	0.1	-	nmf
Non current Liabilities	27.0	23.5	15%
<b>Total Equity</b>	<b>76.0</b>	70.0	9%
Owners equity	42.0	31.9	32%
Hybrid equity instruments	1.8	1.8	0%
Non-controlling interests	32.2	36.3	-11%

Return on Equity

**25%**

Net Debt to EBITDA

**0.2x**

Debt to Equity

**32%**

Net Debt

**AED 4.0 Bn**

Borrowings

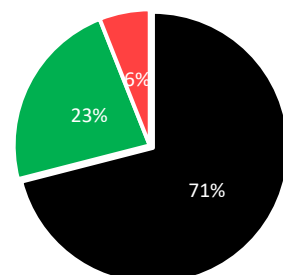
**AED 24.2Bn**

Cash

**AED 20.2 Bn**

### Borrowings Breakdown

- External Borrowings
- Lease Liabilities
- Non Convertible Suksuks



**Total assets** were AED 140.4 Bn compared to total assets of AED 131.0 Bn for year ended 31 December 2022. The change is in-line with the Group's derecognition of subsidiary (Pure Health Holding) to investment in joint venture and including the performance of existing portfolio in the current year.

**Total Liabilities** were AED 64.4 Bn compared to total liabilities of AED 61.0 Bn for FY 22, with a YOY increase of 6%.

**Equity** reported for the year ended 31 December 2023 was AED 76.0 Bn comprised of owner's equity at 42.0 Bn, hybrid equity instruments at AED 1.8 Bn and non controlling interests at AED 32.2 Bn.

**Cash Balance** reported as on 31 December 2023 was AED 20.2 Bn.

## Segment Performance

The 8 operating segments of the group is segregated into 5 Accounting segments

### Segmental Revenue Bridge (AED Bn)



- All the segments delivered a notable performance for the year 2023.
- The decrease in healthcare segment is due to a difference in accounting treatment for Pure Health from subsidiary to an investment in associate.
- All the segments were profitable for the reporting period.
- A summary of segmental performance is shown in the table below:

Segments (AED Bn)	Industrial	Real Estate	Services & Others *	Construction	Healthcare	Total
Revenue	16.7	10.5	6.9	8.6	2.7	<b>45.4</b>
Proportion to total	37%	23%	15%	19%	6%	<b>100%</b>
<b>Net Profit</b>	<b>2.1</b>	<b>2.0</b>	<b>8.3</b>	<b>0.9</b>	-	<b>13.3</b>
<b>Proportion to total</b>	<b>16%</b>	<b>15%</b>	<b>78%</b>	<b>7%</b>	<b>0%</b>	<b>100%</b>
Total Assets	21.8	72.8	22.4	10.1	13.3	<b>140.4</b>
Proportion to total	16%	52%	31%	7%	9%	<b>100%</b>

\***Services & Others** includes other small segments such as Energy, Hospitality, Climate Capital, one time gain as a result of the derecognition of Pure Health and consolidation eliminations

\*\***Pure Health** was derecognized in Q1 23

## Key Investments and Subsequent Events

### Key Investments

<b>MICAD Credit JV</b>	<p>The group and Mubadala Investment Company (“Mubadala”) formed a joint venture to co-invest in credit opportunities. Alpha Dhabi and Mubadala aim to collectively deploy up to ~AED 9 billion (approximately US \$2.5 billion) over the next five years, leveraging Mubadala’s long-term and strategic partnership with Apollo (NYSE: APO), one of the world’s largest alternative asset managers, to access high-quality private credit investment opportunities. Mubadala holds 80% ownership in the JV, with the remaining 20% being held by Alpha Dhabi.</p>
<b>National Corporation for Tourism and Hotels (“NCTH”)</b>	<p>The Group acquired 36.39% NCTH for a purchase consideration of AED 730 million. NCTH shares are listed on ADX and it owns, manages and operates a number of hotels in Abu Dhabi and this deal makes Alpha Dhabi the single largest shareholder of NCTH.</p>
<b>Eltizam Asset Management Estate - Sole Proprietorship L.L.C. (“Eltizam”)</b>	<p>Aldar Properties PJSC, a subsidiary of the Group acquired a 65% equity interest in Etizam, for a consideration of AED 1,013 million. Etizam is a limited liability company, registered and incorporated in Abu Dhabi and is engaged in real estate lease and management services.</p>
<b>Virginia International Private School – SP LLC. (“Virginia”)</b>	<p>Aldar Properties PJSC, a subsidiary of the Group acquired a 100% equity interest in Virginia, for a consideration of AED 210.5 million. Virginia is a limited liability company, registered and incorporated in Abu Dhabi and is engaged in education.</p>
<b>Kent College LLC - FZ. And Kent Nursery LLC - FZ (“Kent”)</b>	<p>Aldar Properties PJSC, a subsidiary of the Group acquired a 100% equity interest in Kent, for a consideration of AED 120 million. Kent is a limited liability company, registered and incorporated in Dubai and is engaged in education.</p>
<b>Mais Interior Design L.L.C. (“Mais”)</b>	<p>Trojan Construction Group, a subsidiary of the Group acquired a 60% equity interest in Mais, for a consideration of AED 24 million.</p>

## Key Investments and Subsequent Events Continue

### Key Investments

#### Fab Properties - Sole Proprietorship LLC ("FABP")

Aldar Properties PJSC, a subsidiary of the Group acquired a 100% equity interest in FABP, for a consideration of AED 335 million. FABP is a limited liability company, registered and incorporated in Abu Dhabi and is engaged in property rental.

#### London Square Developments (Holdings) Limited ("LSQ")

Effective 30 November 2023, Aldar Properties PJSC, a subsidiary of the Group acquired a 100% equity interest in LSQ, for a consideration of AED 498 million. LSQ is a limited liability company, registered and incorporated in England and is engaged in real estate development.

### Subsequent Events

#### Alpha Mind Holding Limited ('Alpha Mind')

Acquisition of a 51 % stake in Alpha Mind Holding Limited ('Alpha Mind'), a company incorporated in Abu Dhabi, UAE on Abu Dhabi Global Market ('ADGM') for an amount of AED 254.2 million by ADMO Lifestyle Holding Ltd.. Alpha Mind is involved in the hospitality business.

#### Enersol Rsc Ltd

The Group has formed a joint venture entity, Enersol Rsc Ltd in November 2023, in collaboration with ADNOC Drilling Company PJSC (referred to as 'ADNOC Drilling'), wherein ownership stakes are distributed as 49% and 51% respectively. The principal objective of this venture is to spearhead the development of an oil field services technology platform, with a total commitment amounting to US\$ 1,500 million. As an integral part of this endeavor, the Group has contributed its 25% stake in Gordon Technologies LLC to Enersol Rsc Ltd, for a consideration of US\$ 87 million.



## Future Plans

Management confirms its commitment to support and enhance the core investment activities of the company to drive continuous growth via:

- The addition of exciting new operating assets through acquisitions and geographic diversification
- Implementing robust and exemplary corporate governance across the ADH portfolio of businesses to ensure strong growth is supported by an effective framework of controls.



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**Hamad Salem Al Ameri**

**Managing Director**

## About Alpha Dhabi Holding

Alpha Dhabi Holding (ADH), the UAE listed conglomerate, was established in 2013 and is one of the fastest growing Abu Dhabi based investment holding companies, with more than 250 businesses spread across healthcare, renewable energy, petrochemical and other industries as well as real estate, construction and hospitality. With over 95,000+ employees, ADH is a strategic contributor to the UAE economy and is committed to drive continuous growth for its stakeholders through investments in emerging businesses, supporting innovation and diversity



**Alpha Dhabi Holding**

**Rasha Abdallah**

Investor Relations

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