

ALPHA DHABI HOLDING PJSC

Management Discussion & Analysis

For the Period Ended 30 June 2023

DATE: August 01, 2023

Alpha Dhabi Holding PJSC

Ticker: ALPHADHABI

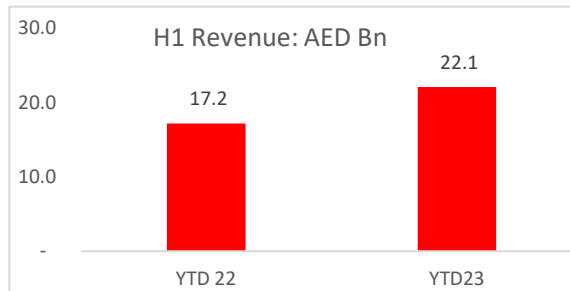
Market Cap: AED 200 Bn

(As on 31.07.2023)

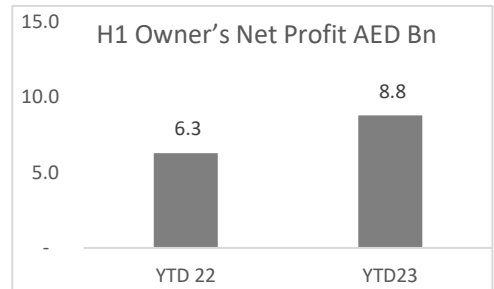
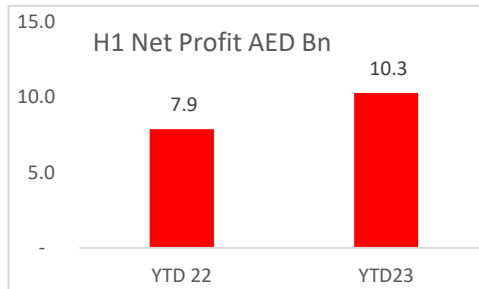
Alpha Dhabi Holding PJSC (“ADH”) reports a Group net profit of AED 10.3 Bn for the first half of 2023, showing continued momentum in the execution of its strategy across key verticals and commitment to generate higher shareholder value.

Investor Metrics:

Revenue

AED 22.1 Bn29% Increase
(YOY)

Net Profit

AED 10.3 Bn30% Increase
(YOY)

Net Margin

47%

+100bps YoY

Earnings Per Share

AED 0.88

+40% YoY

EBITDA

AED 11.8 Bn

+36% YoY

EBITDA Margin

53%

+200bps YoY

Total Assets

AED 127.9 Bn2% Decrease
(YTD)

Total Equity

AED 71.9 Bn3% Increase
(YTD)

Total Liabilities

AED 56.0 Bn8% Decrease
(YTD)

Cash Balance

AED 17.6 Bn31% Decrease
(YTD)

Total Borrowings

AED 20.4 BnNet Debt to
EBITDA**0.2x**

Return on Equity

25%

- Return on Equity is based on LTM profits attributable to the owners
- Net Debt to EBITDA is based on LTM EBITDA

Company Overview

85,000+
Employees

150+
Businesses

Ranked **13th**
in Middle East
by Forbes ME
(by market
cap)

A leading **Investment Holding company**, with **six verticals** and 150+ businesses across Middle East, Europe, Asia and North America, each of which is committed to be transformed into platforms of potential, progress, and prosperity.

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 30 June 2023 are







Non-Listed

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



- Industrial**
- Construction**
- Real Estate**
- Healthcare**
- Energy**
- Services**

Financial Investments

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

Listed


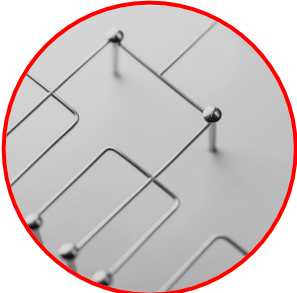

The Group was a cornerstone investor in the IPOs of Borouge and DEWA

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	Corporate Governance	Effective Leadership	Synergies
			
<p>Significant capital deployment, successful expansion of our platform, and enhancing our geographic footprint.</p>	<p>The group maintains a steadfast commitment to corporate governance.</p>	<p>Strong performance delivered by highly engaged colleagues and business heads of the company and its subsidiaries.</p>	<p>The group continuously seeks to identify and deliver synergies across its portfolio.</p>

Management Discussion & Analysis

ADH is pleased to present its report on the performance of the Group for the period ended 30 June 2023. This report should be read in conjunction with the interim condensed consolidated financial statements for the same period.

Profit & loss analysis for the period ending June 2023

<i>Income Statement Summary (AED'Bn)</i>	YTD H1 23	YTD H1 22	YOY %	Q2 23	Q2 22
Revenue	22.1	17.2	29%	9.4	9.0
Gross profit	4.6	5.0	-7%	2.0	2.3
EBITDA	11.8	8.7	36%	3.7	5.6
Net Profit	10.3	7.9	30%	3.0	5.1
<i>EBITDA Margin</i>	53%	51%	+2%	40%	62%
<i>Net Margin</i>	47%	46%	+1%	32%	57%

Revenue: The Group generated revenue of AED 22.1 Bn during the period ended 30 June 2023, equivalent to 29% YOY growth, driven by the following:

- Increased revenue across all business segments and the impact of strategic acquisitions and investments made since 2022 mainly due to consolidation of Aldar starting Q2 2022.

Gross Profit: The Group reported a gross profit of AED 4.6 Bn with a gross margin of 21% reflecting the impact of both organic growth and acquisitions.

Expense Analysis: General and administrative expenses for the period were AED 2.2 Bn versus AED 1.5 Bn during the same period in 2022, with the increase arising from the continued growth of the Group.

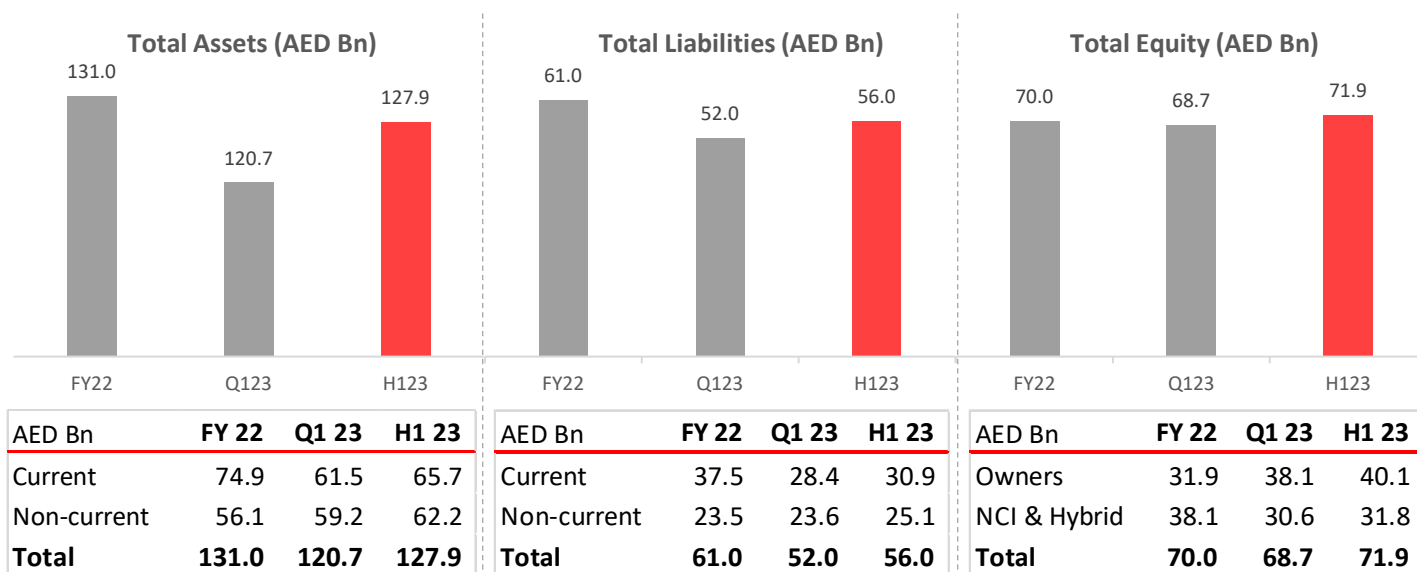
Other Income:

- During the period, the group derecognized its ownership interest in Pure Health Holding resulting in a fair value gain of AED 7.4 Bn.

Net Profit: First half of 2023 reported a net profit of AED 10.3 Bn against AED 7.9 Bn during the comparable period in 2022, with a year-on-year growth of 30%.

Earnings per share: Earnings per share for the period was AED 0.88 per share, as compared to AED 0.63 during the same period last year, an increase of 40%.

Balance Sheet Analysis for first half of 2023



Return on Equity

25%

Net Debt to EBITDA

0.2x

Total Debt to Equity

0.3x

Net Debt

AED 2.8 Bn

Borrowings

AED 20.94Bn

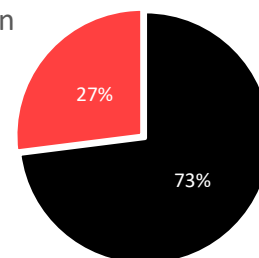
Cash

AED 17.6 Bn

Borrowings Breakdown

- External Borrowings

- Non Convertible Suksuks



Total assets were AED 127.9 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.

Total Liabilities were AED 56.0 Bn compared to total liabilities of AED 61.0 Bn for FY 22, with a YTD decrease of 8% YTD.

Equity reported for the period was AED 71.9 Bn as at 30 June 2023 comprised of owner's equity at 40.1 Bn, hybrid equity instruments at AED 1.8 Bn and non controlling interests at AED 29.9 Bn.

Cash Balance reported as on 30 June 2023 was AED 17.6 Bn.

Net Debt increased to AED 2.8 Bn from a net cash position of AED 4.1 Bn at 31 December 2022 due to decrease in cash balance by 31% YTD.

- Return on Equity is based on LTM profits attributable to the owners
- Net Debt to EBITDA is based on LTM EBITDA

Segment Performance

The Group is organized into 5 segments segregated based on the operating activities.

Segmental Revenue Bridge (AED Bn)



- All the segments during the period delivered a notable performance and contributed to the increase in profit.
- The decrease in health care segment is due to difference in accounting treatment for Pure Health from subsidiary to an investment in associate. Overall, Healthcare contributed to 12% of total revenue.
- All the segments were profitable for the reporting period.
- Summary of segmental performance is shown in the table below:

Segments (AED Bn)	Real Estate	Industrial	Construction	Services & Others *	Healthcare	Total
Revenue	5.0	6.8	4.1	3.5	2.7	22.1
Proportion to total	23%	31%	19%	15%	12%	100%
Net Profit	1.3	0.9	0.2	7.6	0.3	10.3
Proportion to total	13%	9%	2%	73%	3%	100%
Total Assets	70.6	18.0	8.5	17.3	13.5	127.9
Proportion to total	55%	14%	7%	13%	11%	100%

- **Services** includes other small segments such as Energy and eliminations

Key Investments during the period and Subsequent Events

Key Investments

MICAD Credit JV

During the period, the group and Mubadala Investment Company (“Mubadala”) formed a joint venture (20:80) 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. As at 30th June 2023, the group had invested AED 99.3 Mn.

National Corporation for Tourism and Hotels (“NCTH”)

During the period, 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.

Subsequent Events

Aldar and Eltizam Asset Management LLC

The Group entered into a shareholders’ and contribution agreement to consolidate the facilities and property management platform of the Aldar and Eltizam Asset Management LLC, a property and facilities management services company, owned by IHC Real Estate Holding LLC and Abu Dhabi National Exhibitions Company PJSC into Aldar Estates Holding Limited.

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.



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 150 businesses spread across healthcare, renewable energy, petrochemical and other industries as well as real estate, construction and hospitality. With over 85,000+ 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

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