

ALPHA DHABI HOLDING PJSC

Management Discussion & Analysis

For the Period Ended 30 September 2023

DATE: November 02, 2023

Alpha Dhabi Holding PJSC

Ticker: ALPHADHABI

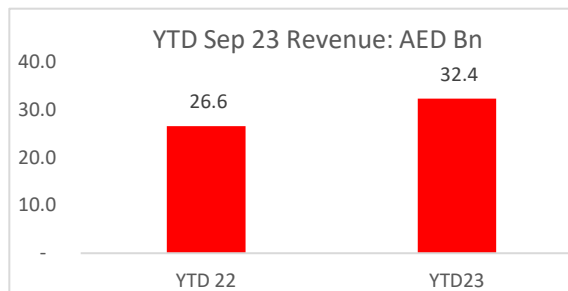
Market Cap: AED 189 Bn

(As at 31.10.2023)

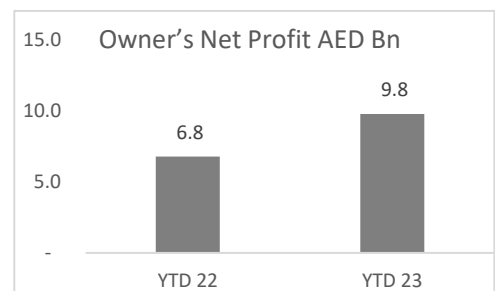
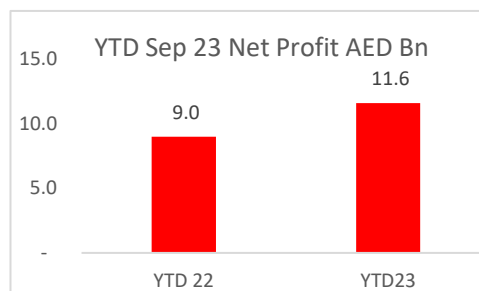
Alpha Dhabi Holding PJSC (“ADH”) reports a Group net profit of **AED 11.6 Bn** for the YTD September 2023, showing continued momentum in the execution of its strategy across key verticals and commitment to generate higher shareholder value.

Investor Metrics:

Revenue

AED 32.4 Bn22% Increase
(YOY)

Net Profit

AED 11.6 Bn29% Increase
(YOY)

Net Margin

36%

+200bps YoY

Earnings Per Share

AED 0.97

+43% YoY

EBITDA

AED 14.1 Bn

+33% YoY

EBITDA Margin

44%

+400bps YoY

Total Assets

AED 133.6 Bn2% Increase
(YTD)

Total Equity

AED 73.8 Bn5% Increase
(YTD)

Total Liabilities

AED 59.8 Bn2% Decrease
(YTD)

Cash Balance

AED 19.1 Bn25% Decrease
(YTD)

Net Debt

AED 1.8 BnNet Debt to
EBITDA¹**0.1x**Return on Equity²**25%**

1. Net Debt to EBITDA is based on LTM EBITDA
2. Return on Equity is based on LTM profits attributable to the owners

Company Overview

95,000+
Employees

150+
Businesses

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

A leading **Investment Holding company**, with **eight operating 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 September 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
- Hospitality
- Energy
- Services
- Climate Capital

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 September 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 September 2023

<i>Income Statement Summary (AED'Bn)</i>	YTD Q3 23	YTD Q3 22	YOY %	Q3 23	Q3 22
Revenue	32.4	26.6	22%	10.3	9.0
Gross profit	6.7	7.1	-6%	2.0	2.1
EBITDA	14.1	10.6	33%	3.7	1.8
Net Profit	11.6	9.0	29%	1.3	1.1
<i>EBITDA Margin</i>	44%	40%	+4%	36%	20%
<i>Net Margin</i>	36%	34%	+2%	13%	12%

Revenue: The Group generated revenue of AED 32.4 Bn during the period ended 30 September 2023, equivalent to 22% YOY growth, driven by the following:

- Increased revenue across all business segments and the impact of strategic acquisitions and investments made since 2022.

Gross Profit: The Group reported a gross profit of AED 6.7 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 2.9 Bn versus AED 2.1 Bn during the same period in 2022, with the increase arising from the continued growth of the Group.

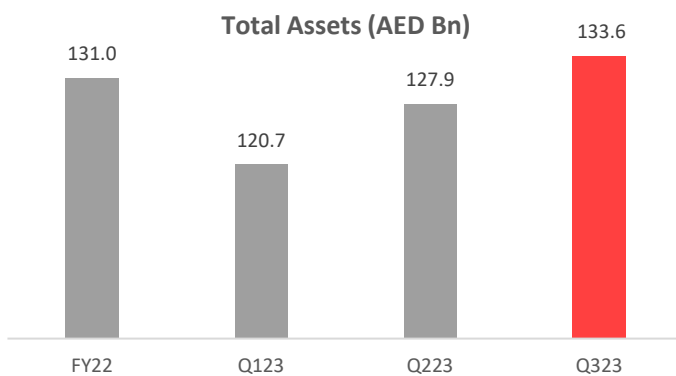
Other Income:

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

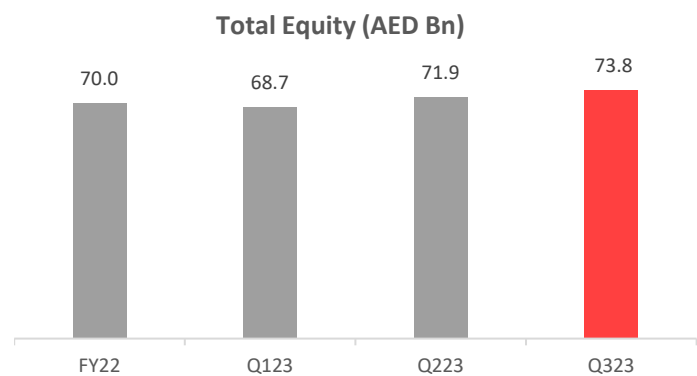
Net Profit: First nine months of 2023 reported a net profit of AED 11.6 Bn against AED 9.0 Bn during the comparable period in 2022, with a year-on-year growth of 29%.

Earnings per share: Earnings per share for the period was AED 0.97 per share, as compared to AED 0.68 during the same period last year, an increase of 43%.

Balance Sheet Analysis as at YTD September 2023



AED Bn	FY 22	Q1 23	Q2 23	Q3 23
Current	74.9	61.5	65.7	68.5
Non-current	56.1	59.2	62.2	65.1
Total	131.0	120.7	127.9	133.6



AED Bn	FY 22	Q1 23	Q2 23	Q3 23
Owners	31.9	38.1	40.1	40.9
NCI & Hybrid	38.1	30.6	31.8	32.9
Total	70.0	68.7	71.9	73.8

Return on Equity¹**25%**Net Debt to EBITDA²**0.1x**

Total Debt to Equity

0.3x

Net Debt

AED 1.8 Bn

Borrowings

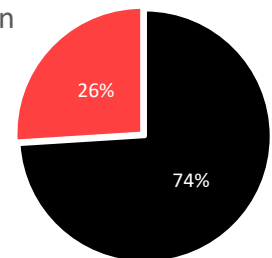
AED 20.9Bn

Cash

AED 19.1 Bn

Borrowings Breakdown

- External Borrowings
- Non Convertible Suksuks



Total assets were AED 133.6 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 period.

Total Liabilities were AED 59.8 Bn compared to total liabilities of AED 61.0 Bn for FY 22, with a YTD decrease of 2% YTD.

Equity reported for the period was AED 73.8 Bn as at 30 September 2023 comprised of owner's equity at 40.9 Bn, hybrid equity instruments at AED 1.8 Bn and non controlling interests at AED 31.1 Bn.

Cash Balance reported as on 30 September 2023 was AED 19.1 Bn.

Net Debt increased to AED 1.8 Bn from a net cash position of AED 4.1 Bn at 31 December 2022 due to decrease in cash balance by 25% 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 8 operating segments of the group is segregated into 5 Accounting segments

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 8% 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	Healthcare	Construction	Services & Others *	Total
Revenue	7.5	11.1	2.7	6.2	4.9	32.4
Proportion to total	23%	34%	8%	19%	16%	100%
Net Profit	1.7	1.5	0.2	0.4	7.8	11.6
Proportion to total	15%	13%	2%	3%	67%	100%
Total Assets	74.0	18.3	13.3	9.7	18.3	133.6
Proportion to total	55%	14%	10%	7%	14%	100%

***Services & Others** includes other small segments such as Energy, Hospitality, Climate Capital and consolidation eliminations

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

Key Investments during the period and Subsequent Events

Key Investments

Eltizam Asset Management Estate - Sole Proprietorship L.L.C. ("Eltizam")

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.

Virginia International Private School – SP LLC. ("Virginia")

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.

Kent College LLC - FZ. And Kent Nursery LLC - FZ ("Kent")

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.

Mais Interior Design L.L.C. ("Mais")

Trojan Construction Group, a subsidiary of the Group acquired a 60% equity interest in Mais, for a consideration of AED 24 million.

Subsequent Events

L Capital KDT LTD ('L Capital')

Acquisition of 99.1 % stake in L Capital KDT LTD ('L Capital'), a company incorporated in republic of Mauritius for an amount of AED 190 million by ADMO. L Capital is involved in the hospitality business and operates under the brand name "CE LA VI"

Em Sherif Holding LTD ('Em Sherif')

Acquisition of 35.1 % stake in Em Sherif Holding LTD ('Em Sherif'), a company incorporated in Abu Dhabi, UAE on Abu Dhabi Global Market ('ADGM') for an amount of AED 139 million by ADMO. Em Sherif is involved in the hospitality business.

NTS Middle East FZCO ('NTS')

Acquisition of 51 % stake in NTS Middle East FZCO ('NTS'), a company incorporated in Jabel Ali Freezone, UAE for an amount of AED 213 million by ADH Energy RSC Ltd. NTS is involved in cutting-edge manufacturing, repair and rental solutions in oil & gas sector

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.

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 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

Investor Relations

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