

Company Snapshot

Alpha Dhabi Holding

1 APR 2022

Colossal growth, ambitious promise

Alpha Dhabi is a conglomerate showing phenomenal growth, driven by strategic acquisitions across multiple sectors from healthcare to real estate. Expansion plans target investments of AED 8bn in core verticals. The stated ambition is to double the income generation of the group.

Alpha Dhabi has so far delivered on its promise of exponential growth, with impressive execution and speed. Investors await further announcements as the company progresses towards its ambition.

Multiple-fold expansion in margins

The bottom-line improved by a staggering 14-fold last year to AED 3.16bn, driven by five-fold inorganic revenue growth. As the company searches for and achieves profitable external growth, its margins have also significantly improved.

In effect, operating margin has quadrupled since 2019 to a healthy 25%, while net margin has nearly tripled. In addition, we note a cash balance of AED 8.76bn on the balance sheet, enough to support the investment ambition.

High price, high stakes

With a current P/E of 60.6x, trading multiples are still high. However, they used to be in the high-triple-digit and have come down drastically in line with net profit expansion.

Trading momentum has not abated despite the valuation. Inclusion in the FTSE Emerging Markets Large Cap Index has helped by adding inflows of c. USD 313.4mn in March this year.

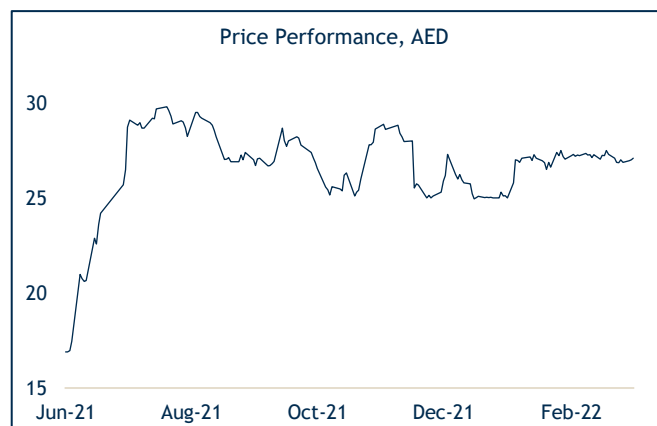
Investors in Alpha Dhabi can capitalize on its fast, large-scale growth, based on the ambitious vision and the credible achievements to date.

We highlight that the recent track-record of the company, the lack of detail in its disclosure, and the fast/radically changing perimeter of consolidation make it a difficult exercise in valuation, from a traditional stock-market perspective.

Margins and Ratios

	2019	2020	2021
EBIT Margin (%)	6.0	5.1	25.2
Net Margin (%)	5.9	5.9	16.8
ROA (%)	4.6	4.4	12.0
ROE (%)	21.3	20.3	26.4

Note: ROA and ROE are calculated using average assets and average equity.



Key Statistics

Last Price, AED	27.4
52 Week Range, AED	16.88 - 30.20
Average Daily Volume (3M)	4,910,068.5
Basic Shares (bn)	10.0
Market Cap (bn)	270.0
Dividend Yield	0.0%
First Trading Date	27 Jun 2021
Float	12.0%

Valuation Summary

	Current	5Y-High	5Y-Low
P/E, x	60.6	1,347.3	59.7
P/BV, x	11.7	270.6	11.6
P/Sales, x	10.2	79.7	10.1
Dividend Yield, %	0.0	0.0	0.0

Summary Financials

(AEDmn)	2019	2020	2021
Sales	3,706	3,785	18,848
EBITDA	331	301	5,382
EBIT	222	193	4,741
Net Income	219	224	3,166
EPS (Diluted)	0.02	0.02	0.45
Shares Outstanding	10,000	10,000	10,000
Cash	640	632	8,756
Assets	4,792	5,395	47,347
Equity	1,188	1,014	23,017
Long-Term Debt	233	315	4,836
FCF	104	52	7,829

Sources for all tables and charts: Al Ramz Investment Research, FactSet

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