



**International
Securities**
an IHC company

4Q24 Quarterly Result Previews

30th January 2025

International Securities Research



Company	FV	Recomm.	Currency	Revenue			EBITDA			EBITDA Margin			Core profits*		
				4Q24e	YoY	QoQ	4Q24e	YoY	QoQ	4Q24e	YoY	QoQ	4Q24e	YoY	QoQ
Energy															
ADNOC Drilling	6.30	Buy	USDmn	1,051	25%	2%	506	19%	-1%	48%	-2%	-2%	335	22%	0%
ADNOC Distribution	4.55	Buy	AEDmn	8,525	-1%	-6%	907	-3%	-10%	11%	1%	0%	555	-12%	-7%
ADNOC Gas	3.72	Buy	USDmn	4,184	-16%	-14%	1,727	-16%	-14%	32%	0%	0%	996	-21%	-19%
Dana Gas	1.05	Buy	USDmn	87	-10%	-10%	56	6%	-7%	65	10%	2%	37	42%	-4%
Materials															
Borouge	2.95	Buy	USDmn	1,505	1%	-6%	613	2%	-5%	41%	1%	0%	304	7%	-6%
Fertiglobe	3.36	Buy	USDmn	493	-24%	-1%	152	-47%	40%	31%	-13%	9%	30	-71%	-4%
Industrials															
ADNOC L&S	6.10	Hold	USDmn	994	20%	7%	288	19%	5%	29%	0%	0%	184	12%	5%
NMDC Energy	3.46	Buy	AEDmn	4,251	44%	7%	508	27%	-6%	12%	-2%	-2%	464	24%	16%
E7 Group	1.53	Buy	AEDmn	195	16%	2%	56	19%	-4%	29%	1%	-2%	64	56%	-13%
Utilities															
Empower	1.94	Hold	AEDmn	819	7%	-26%	403	3%	-6%	49%	-2%	10%	248	-9%	-5%
Tabreed	3.97	Buy	AEDmn	601	1%	-22%	295	5%	-8%	49%	2%	7%	145	-11%	-7%
Consumers															
Agthia	6.70	HOLD	AEDmn	1,358	5.3%	25.6%	211.0	-5%	+36.1%	15.5%	-1.7%	+1.2%	116.7	-14.6%	+79.7%
LuLu Retail	2.60	BUY	USDmn	2,234	20.0%	20.2%	271	24.5%	53.9%	12.1%	0.4%	2.7%	117	12%	233.6%
Healthcare															
Burjeel	3.69	BUY	AEDmn	1373	12.7%	4.1%	318	9.3%	16.1%	23.1%	-0.7%	2.4%	159	0.3%	21.6%
Technology															
Presight	3.09	BUY	AEDmn	1075	50.7%	89.9%	309	11.7%	190.4%	29%	-10%	9.9%	284	-5.4%	160.0%
Telecoms															
EAND	20.0	BUY	AEDmn	15,206	10.7%	5.4%	6,690	3.4%	3.1%	44%	-3.1%	-1.0%	2446	-6.5%	-17.4%
DU	8.06	HOLD	AEDmn	3,678	3.4%	2.5%	1506	5.3%	-13.2%	40.9%	0.7%	-7.4%	460	16.1%	-36.0%

Source: Company Data, IS Research. *Core profits are after adjusting for non-recurring items.



ADNOC Drilling	4	LuLu Retail	28
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ADNOC L&S	16		
NMDC Energy	18		
E7 Group	20		
Empower	22		
Tabreed	24		
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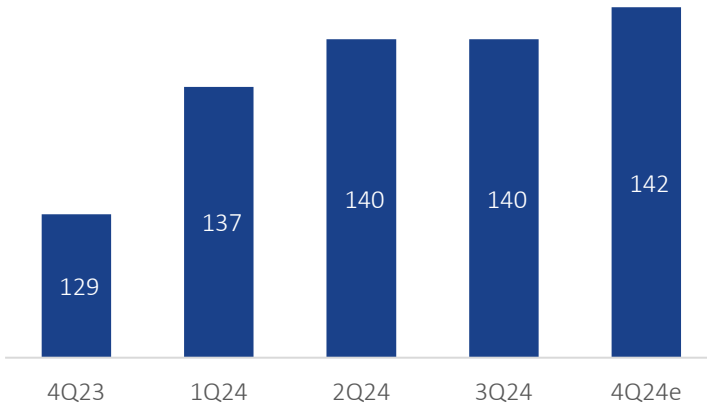
- We expect ADNOC Drilling to post 4Q24e core attributable profit of USD335mn, up 22% YoY and flat QoQ. This would take the FY24 core profits to USD1.24bn, up 27% YoY. Core profits remove the impact of one-off USD55mn depreciation reversal booked in 4Q23. Along with the result, we expect ADNOC Drilling to announce a 2H24 dividend of AED0.09/share.
- We expect total rig count to increase to 142 rigs, up from 140 rigs in 3Q24 and 129 rigs in 4Q23.
- On YoY basis, we expect revenue to increase by 25% to USD1.05bn, led by higher number of rigs, continued expected growth in the Oil Field Services (OFS) business and contribution from unconventional drilling. On QoQ, revenue is expected to increase by 2% on the back of rig additions which is slightly offset by expected number of drilling days normalizing to 92 in 4Q24 from 95 in 3Q24.
- Margins are expected to be lower YoY and QoQ mainly due to higher contribution from OFS and unconventional business which generate lower margins compared to conventional drilling.
- We expect contribution of USD9mn as share of profit from associates and JV, up 261% QoQ led by expected higher recognition from unconventional contract under Turnwell.
- We have a Buy recommendation on ADNOC Drilling with a FV of AED6.30/sh. with FY24e and FY25e dividend yield of 3.2% and 3.6%.

Ticker	ADNOC DRI UH	ADNOC Drilling vs ADX				
Market Cap (AED bn)	89.28					
Stock Price (AED)	5.58					
Fair Value (AED)	6.30					
Upside (%)	12.94					
52W High (AED)	5.94					
52W Low (AED)	3.56					
3M ADTV (AEDmn)	77.43					
PE FY24e (x)	19.63					
PB FY24e (x)	7.25					
Div. yield FY24e (%)	3.24					
USD mn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	1,051	25%	2%	3,057	3,898	28%
Gross Profit	413	7%	-2%	1,208	1,600	32%
GP margin	39%	-7%	-2%	40%	41%	2%
Share of profit from associates and JV	9	NA	261%	-	14	NA
EBITDA	506	19%	-1%	1,483	1,925	30%
EBITDA margin	48%	-2%	-2%	49%	49%	1%
Net finance cost	(26)	27%	-17%	(59)	(117)	100%
Profit before tax	366	11%	1%	1,033	1,355	31%
Core attributable Profit	335	22%	0%	978	1,240	27%
EPS (AED)	0.077	22%	0%	0.224	0.284	27%

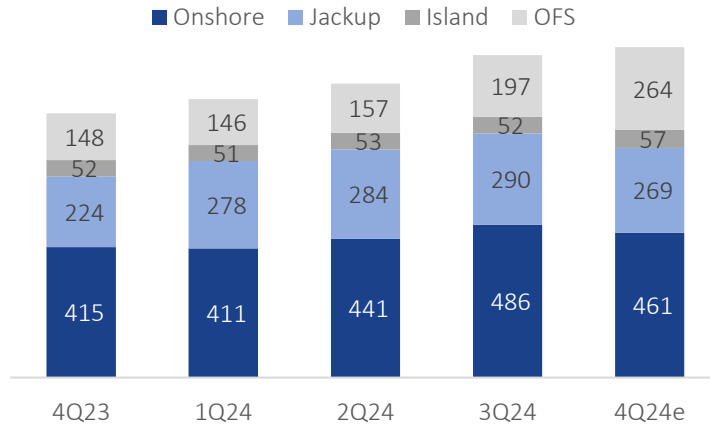
Source: Company data, IS Research. Chart data rebased to 100 as of 01 January 2024



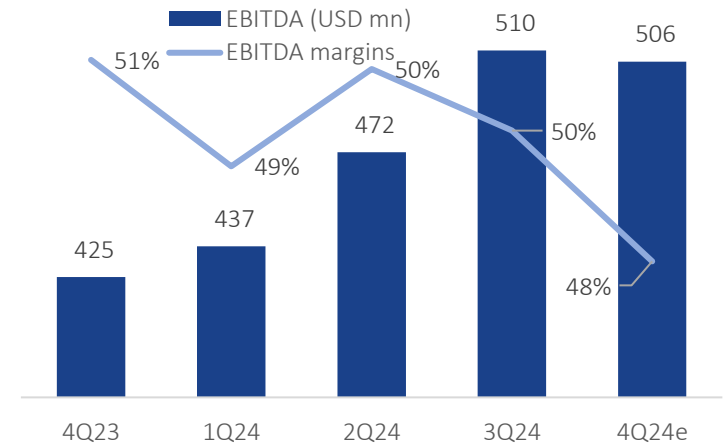
Number of owned rigs



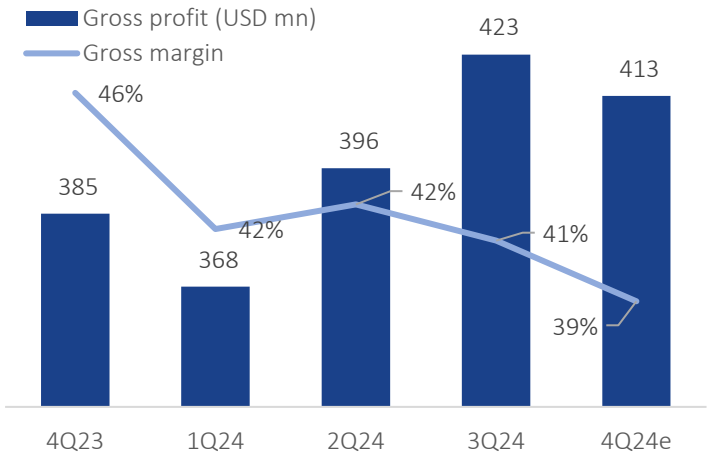
Revenue (USDmn)



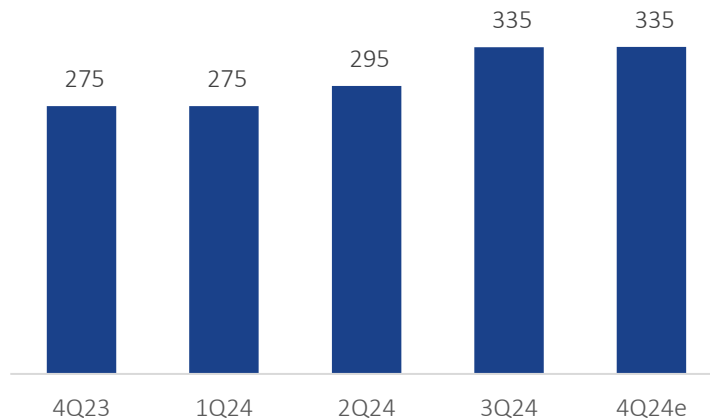
EBITDA and margins



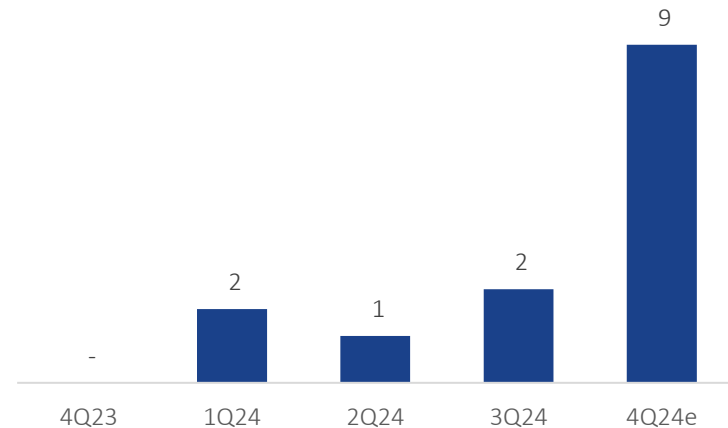
Gross profit and margins



Core Profit (USD mn)



Share of profit - assoc. & JV (USDmn)



Source: Company Data, IS Research



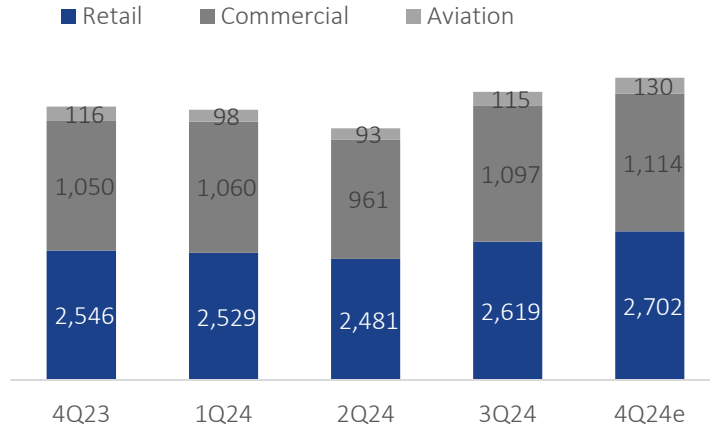
- We expect ADNOC Distribution to post 4Q24e core attributable profit of AED555mn, down 12% YoY and 7% QoQ. Core attributable profits refer to ADNOC Distribution's share of profits adjusted for impact of inventory movements and currency adjustments on EGP devaluation. This would take the FY24 core attributable profit to AED2.16bn, down 5% YoY. Along with the result, we expect ADNOC Distribution to declare 2H24 dividend of AED0.103/share.
- Decline in YoY core attributable profits is mainly led by corporate taxes in 2024 while QoQ decline is led by absence of inventory gains during the quarter as well as likely softer margins on commercial business following lower oil prices.
- We expect volume growth trajectory to continue with total volume in 4Q24 expected to increase by 6% YoY and 3% QoQ to 3.95bn litres following expected addition of 20 fuel stations YoY and 5 stations QoQ.
- Revenue is expected to be 11% lower YoY and 6% lower QoQ, despite volume growth, mainly owing to lower average petrol and diesel prices in 4Q24.
- ADNOC Distribution booked inventory gains on retail fuels of AED50mn in 4Q23 and AED4mn in 3Q24. In 4Q24, we do not expect any inventory gains owing to lower average petrol and diesel prices in the quarter.
- We currently have a Buy recommendation on ADNOC Distribution with a FV of AED4.55/sh. Stock offers annual dividend yield of 5.8% and trades at FY24e P/E of 20.5x.

Ticker	ADNOCDIS UH	ADNOC Distribution vs ADX				
Market Cap (AED bn)	44.13					
Stock Price (AED)	3.53					
Fair Value (AED)	4.55					
Upside (%)	25.54					
52W High (AED)	3.82					
52W Low (AED)	3.24					
3M ADTV (AEDmn)	13.03					
PE FY24e (x)	20.52					
PB FY24e (x)	13.59					
Div. yield FY24e (%)	5.83					
AED mn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	8,525	-11%	-6%	34,629	35,143	1%
Gross Profit	1,431	-6%	-10%	5,836	6,040	3%
GP margin	17%	1%	-1%	17%	17%	0%
SG&A	(725)	-7%	-10%	(2,917)	(3,059)	5%
SG&A-to-sales	-9%	0%	0%	-8%	-9%	0%
EBITDA	907	-3%	-10%	3,637	3,807	5%
EBITDA margin	11%	1%	0%	11%	11%	0%
Net finance cost	(64)	-18%	591%	(334)	(315)	-6%
Profit before tax	654	-3%	-17%	2,649	2,728	3%
Tax	(57)	NA	-23%	(19)	(251)	1230%
Attributable profit after tax	555	-18%	-17%	2,630	2,477	-6%
Core attributable profit*	555	-12%	-7%	2,261	2,156	-5%
Core EPS* (AED)	0.044	-12%	-7%	0.181	0.172	-5%

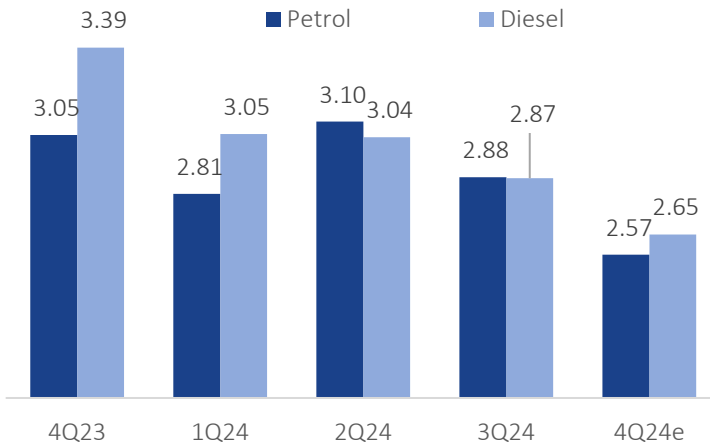
Source: Company data, IS Research. Chart data rebased to 100 as of 01 January 2024. *Excluding impact of one-offs



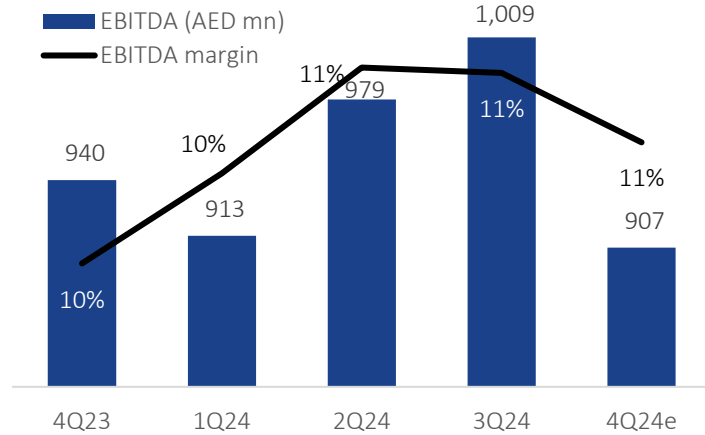
Sales volumes (mn litres)



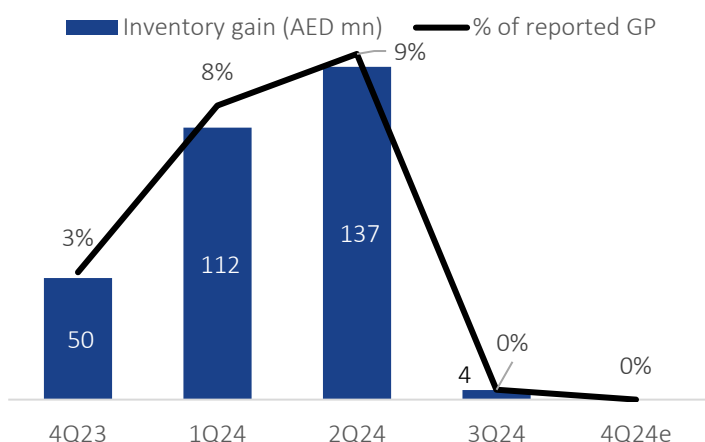
UAE avg. Petrol & Diesel (AED/litre)



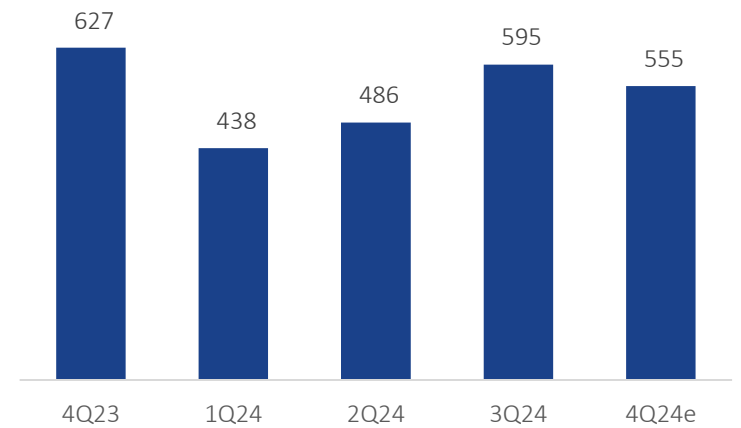
EBITDA and margins



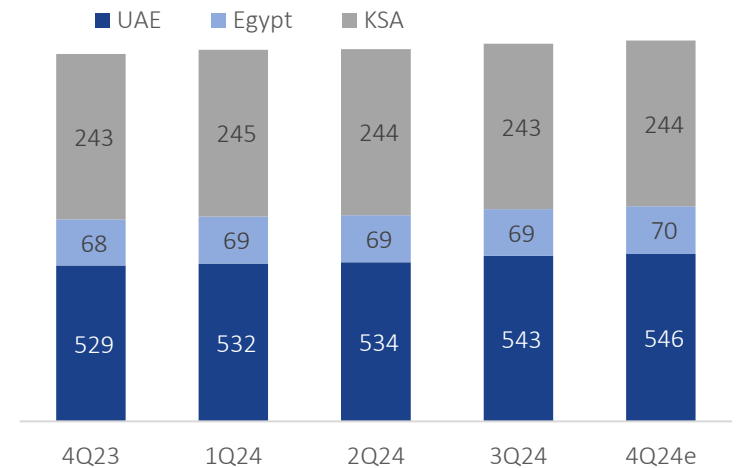
Inventory gains (AEDmn)



Core profit (AEDmn)



Number of stations

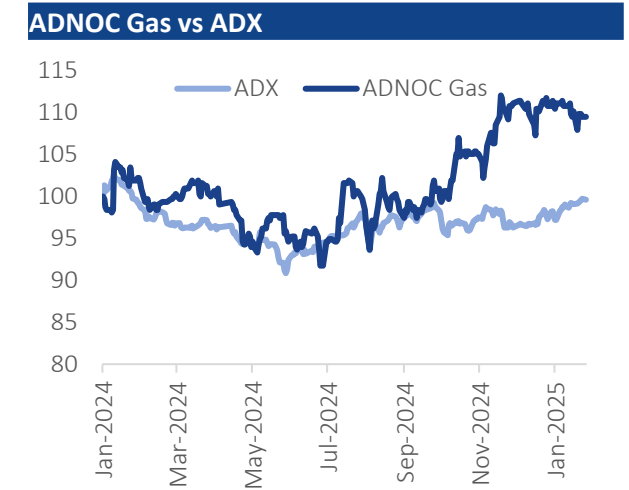


Source: Company Data, IS Research



- We expect ADNOC Gas to post 4Q24e core profit of USD996mn, down 21% YoY and 19% QoQ. Core profit removes the impact of deferred tax which was booked in 3Q24 (USD19mn) and 4Q23 (USD80mn). FY24 core profit is expected at USD4.56bn, up 6% YoY. Along with the result, we expect ADNOC Gas to announce 2H24 dividend of AED0.082/share.
- We expect volume of 780TBTU in 4Q24 versus 949TBTU in 3Q24 and 912TBTU in 4Q23. The decline in volume is expected owing to expected shutdown activity during 4Q24 which is also the main reason behind expected lower core profits.
- We expect revenue of USD4.2bn in 4Q24, down 16% YoY but down 14% QoQ, mainly led by lower average Brent prices in the quarter QoQ and expectation of lower volumes
- ADNOC Gas has a unique supply agreement with parent, ADNOC, where the company's EBITDA margins stay in a stable range of 33-35%. We expect 4Q24e EBITDA margins of 32%.
- We have a BUY recommendation on ADNOC Gas with a FV of AED3.72/sh. The stock offers 4.7% and 5.0% FY24 and FY25 dividend yield, respectively, and trades at FY24 P/E of 15.8x.

Ticker	ADNOC GAS UH
Market Cap (AED bn)	264.80
Stock Price (AED)	3.45
Fair Value (AED)	3.72
52W High (AED)	3.59
52W Low (AED)	2.87
3M ADTV (AEDmn)	34.26
PE FY24e (x)	15.83
PB FY24e (x)	3.30
Div. yield FY24e (%)	4.73

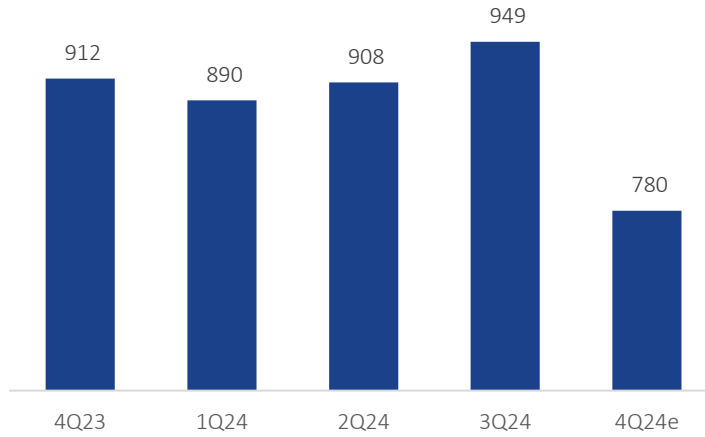


USD mn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	4,184	-16%	-14%	17,905	18,478	3%
Other income	282	-5%	8%	1,105	1,113	1%
General & admin expenses	(40)	NA	0%	(72)	(190)	163%
Share of profit from LNG	243	-37%	-6%	597	928	55%
EBITDA	1,727	-16%	-14%	7,033	7,536	7%
Net finance cost	(0)	NA	NA	(112)	(20)	-82%
Profit before tax	1,422	-18%	-15%	5,821	6,317	9%
Reported profit after tax	996	-26%	-20%	4,720	4,617	-2%
Core profit after tax*	996	-21%	-19%	4,293	4,557	6%
Core EPS (AED)*	0.048	-21%	-19%	0.205	0.218	6%

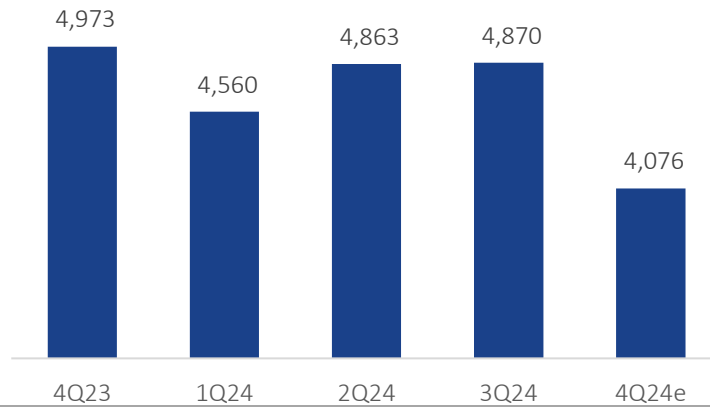
Source: Company data, IS Research. Chart data rebased to 100 as of 01 January 2024. *Excluding non-recurring items.



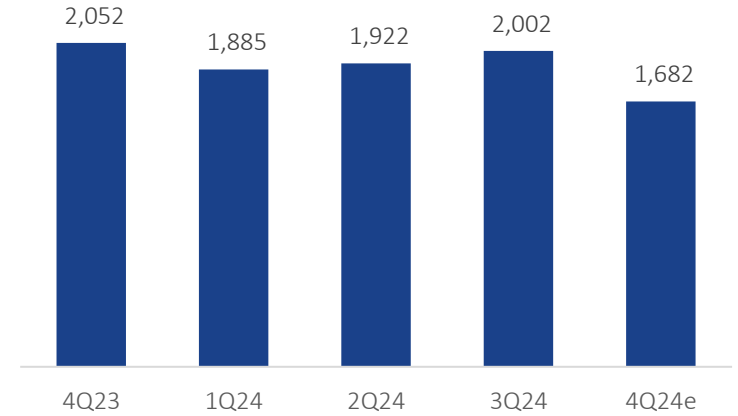
Sales volumes (TBTU)



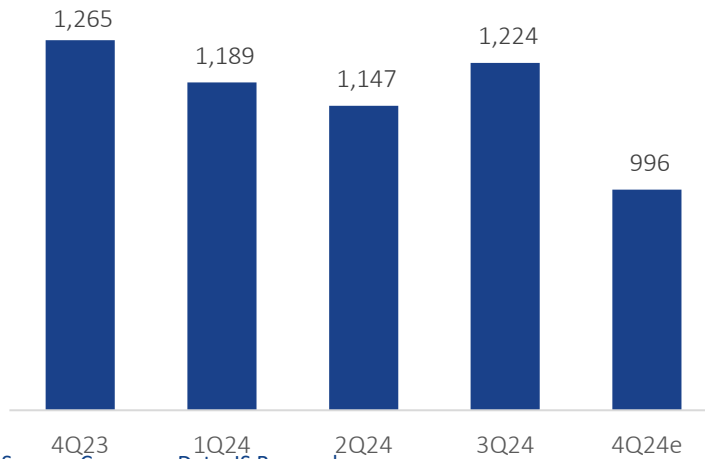
Revenue (USD mn)



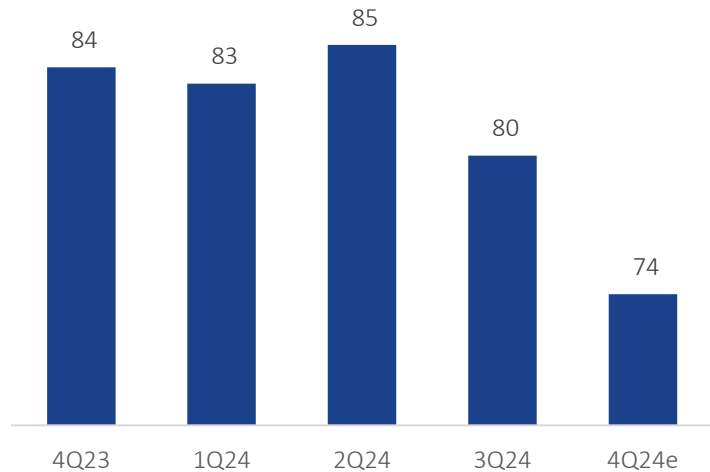
EBITDA (USD mn)



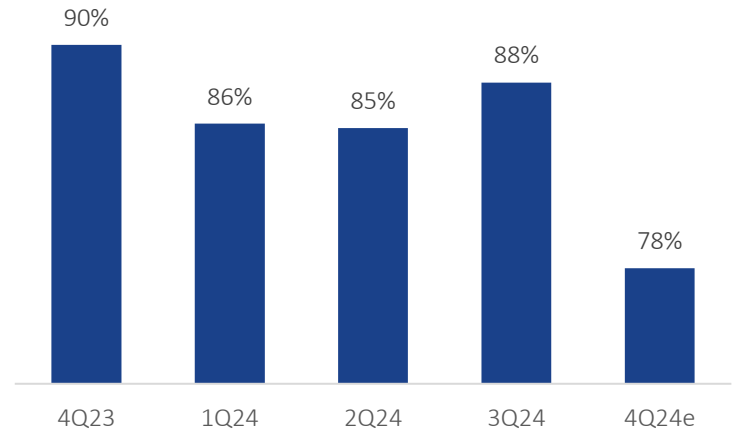
Core profit after tax (USD mn)



Average brent (USD\$/barrel)



Plant utilization

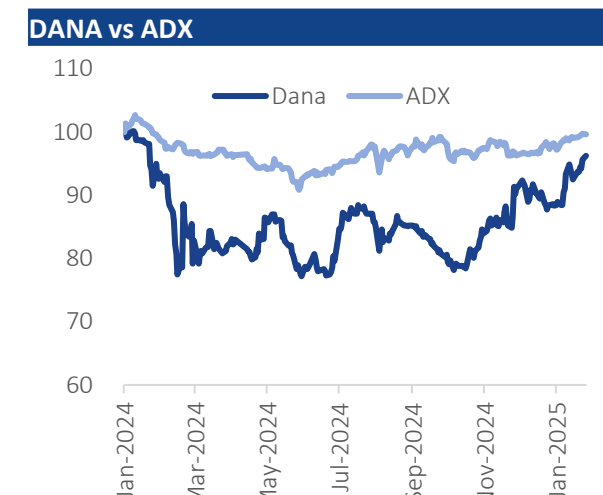


Source: Company Data, IS Research



- We expect Dana Gas to post 4Q24e core profits of USD37mn, up 42% YoY but down 4% QoQ. Core profits excludes the impact of any one-time adjustments including impairment or other income. The jump in YoY profits is expected to be led by higher expected production from Kurdistan. This would take the FY24e core profit to USD149mn, up 3% YoY.
- We expect production from Egypt to continue its natural depletion to reach 14,946 BOEpd in 4Q24 compared to 19,500 BOEpd in 4Q23 and 15,900 BOEpd in 3Q24. In KRI, we expect production to average at 39,105 BOEpd in 4Q24 versus 39,400 BOEpd in 3Q24 and 36,200 BOEpd in 4Q23.
- Dana Gas' net revenue (ex-royalty payments) is likely to flat YoY at USD70mn, despite higher production as Brent prices were 12% lower YoY. On QoQ, we expect revenues to be 9% lower owing to deletion in production from Egypt as well as 6% lower Brent prices.
- EBITDA is likely to clock in at USD56mn, 6% higher YoY, mainly led by higher production.
- We have a Buy recommendation on Dana with a FV of AED1.05/sh. The company has continued to receive regular payments from both Egypt and Kurdistan which is a positive development. The management has also guided on resuming dividends which could act as a potential catalyst for the stock.

Ticker	DANA UH
Market Cap (AED bn)	5.37
Stock Price (AED)	0.77
Fair Value (AED)	1.05
Upside (%)	36.72
52W High (AED)	0.79
52W Low (AED)	0.60
3M ADTV (AEDmn)	6.27
PE FY24e (x)	9.85
PB FY24e (x)	0.59
Div. yield FY24e (%)	6.51

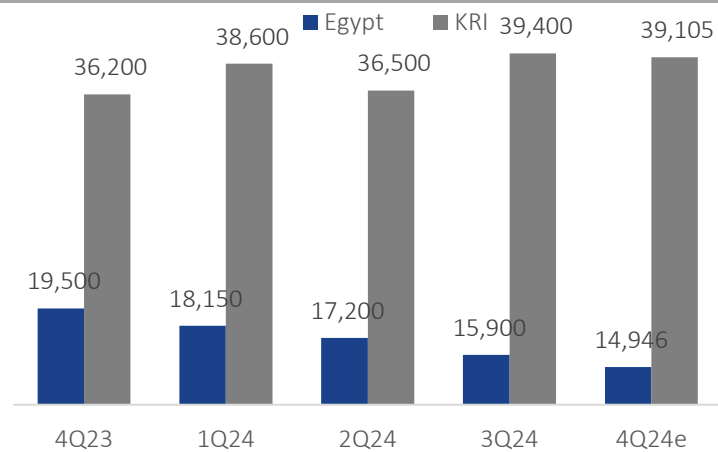


USD mn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Gross Revenue	87	-10%	-10%	423	373	-12%
Net Revenue	70	-1%	-9%	314	299	-5%
Gross Profit	43	17%	-9%	190	184	-3%
GP margin	50%	12%	1%	45%	49%	4%
G&A	(3)	47%	-2%	(11)	(12)	9%
G&A-to-sales	-3%	-1%	0%	-3%	-3%	-1%
Core EBITDA	56	6%	-7%	250	236	-6%
Core EBITDA margin	65%	10%	2%	59%	63%	4%
Net finance cost	(2)	-72%	-34%	(18)	(12)	-33%
Shareholder's Profit	37	9%	-8%	160	149	-7%
Core profit*	37	42%	-4%	145	149	3%
Core EPS* (AED)	0.019	42%	-4%	0.076	0.078	3%

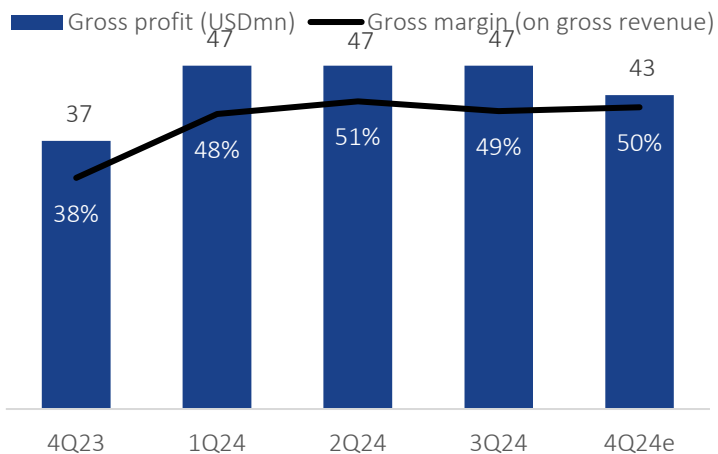
Source: Company data, IS Research. Chart data rebased to 100 as of 01 January 2024. *Excluding non-recurring items, **all margins are on gross revenues



Volumes breakup (BOEpd)

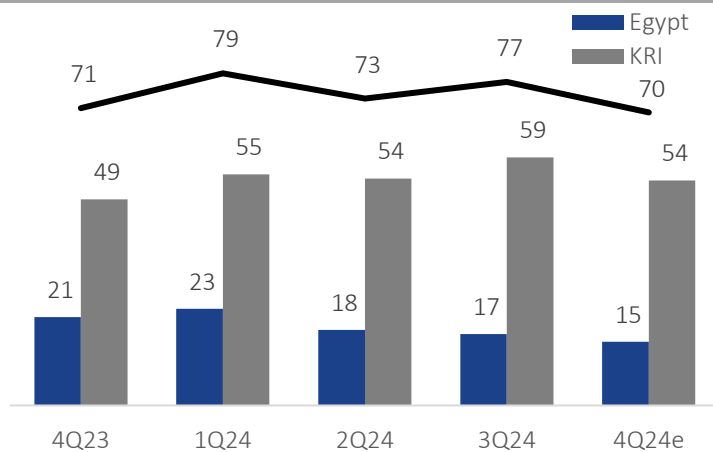


Gross profit and margins

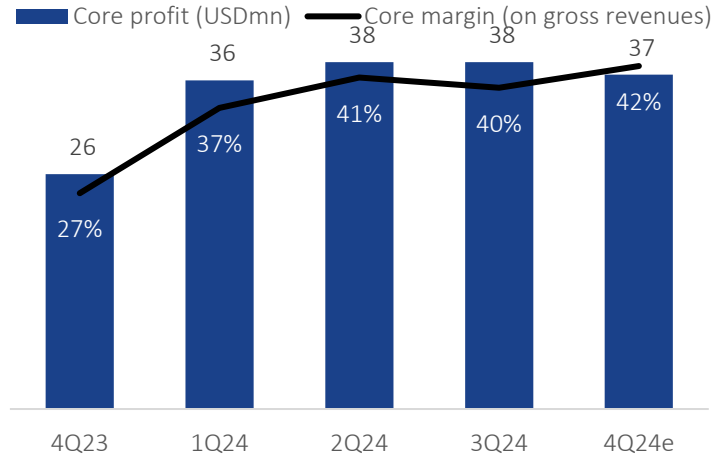


Source: Company Data, IS Research

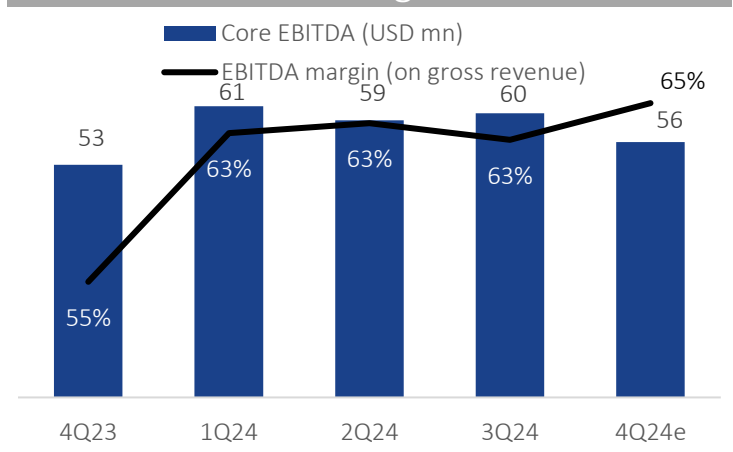
Net Revenue (USDmn)



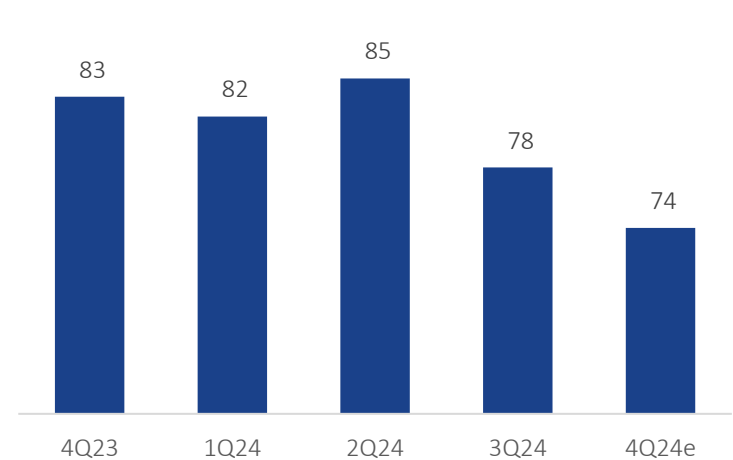
Core profit and margins



Core EBITDA and margins



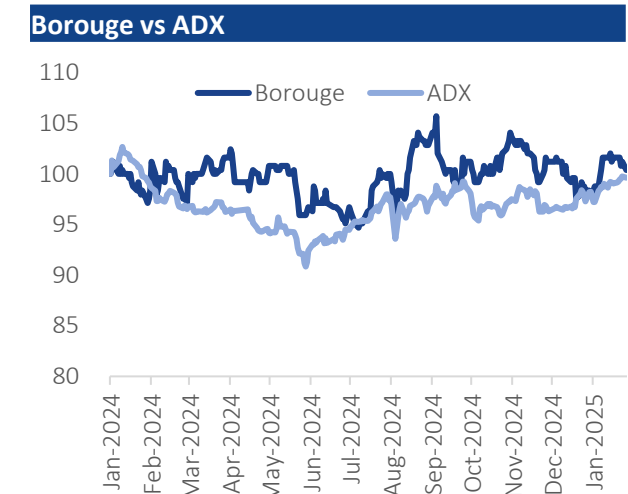
Average brent (USD\$/barrel)





- We expect Borouge to post 4Q24e attributable profit of USD304mn, up 7% YoY but down 6% QoQ. This is expected to take FY24 profit to USD1.2bn, up 21% YoY. Along with the result, we expect Borouge to declare 2H24 dividend of AED0.08 per share. Overall higher profits are expected to be led by improvement in margins as the company continues to focus on cost optimization and higher utilization levels.
- We expect volumes to normalize to 1.32mn tons in 4Q24 versus 1.42mn tons in 3Q24 and 1.36mn tons in 4Q23. The company has already notified that the planned shutdown of one of the units which was initially scheduled for 4Q24 has been moved forward.
- We expect revenue of USD1.5bn in 3Q24, flattish YoY but down 6% QoQ mainly due to expectations of lower prices, despite lower volumes. Polyolefins prices are expected to be average 2% higher QoQ and 6% higher YoY.
- EBITDA for 4Q24e is expected at 613mn, up 2% YoY but down 5% QoQ, mainly due to lower expected volumes. We expect EBITDA margins of 41% in 4Q24e, flat QoQ but 1pps higher YoY.
- We have a BUY recommendation on Borouge with a fair value of AED2.95/share. The stock trades at FY24e P/E of 16.7x and offers FY24 dividend yield of 6.5% at management guided dividend amount of USD1.3bn, out of which USD650mn was paid out in 1H24.

Ticker	Borouge UH
Market Cap (AED bn)	73.94
Stock Price (AED)	2.46
Fair Value (AED)	2.95
Upside (%)	19.92
52W High (AED)	2.61
52W Low (AED)	2.31
3M ADTV (AEDmn)	8.03
PE FY24e (x)	16.74
PB FY24e (x)	5.32
Div. yield FY24e (%)	6.45

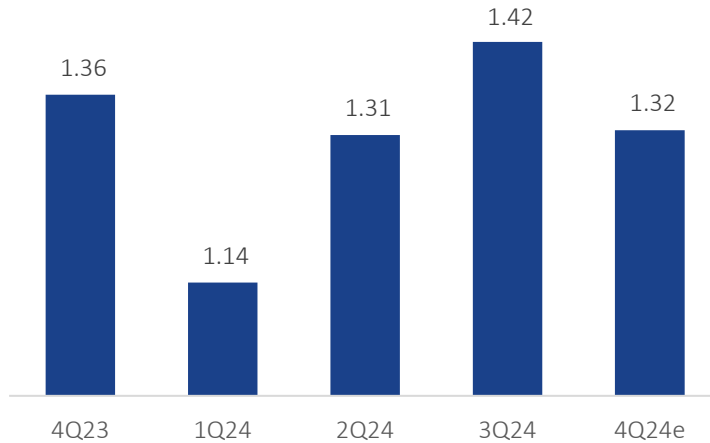


USD mn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	1,505	1%	-6%	5,791	5,914	2%
Gross Profit	646	7%	-6%	2,164	2,532	17%
GP margin	43%	2%	0%	37%	43%	5%
SG&A	(168)	14%	-8%	(582)	(657)	13%
SG&A-to-sales	-11%	-1%	0%	-10%	-11%	-1%
EBITDA	613	2%	-5%	2,168	2,436	12%
EBITDA margin	41%	1%	0%	37%	41%	4%
Net finance cost	(48)	-8%	7%	(196)	(182)	-7%
Shareholder's Profit	304	7%	-6%	991	1,203	21%
EPS (AED)	0.037	7%	-6%	0.121	0.147	21%

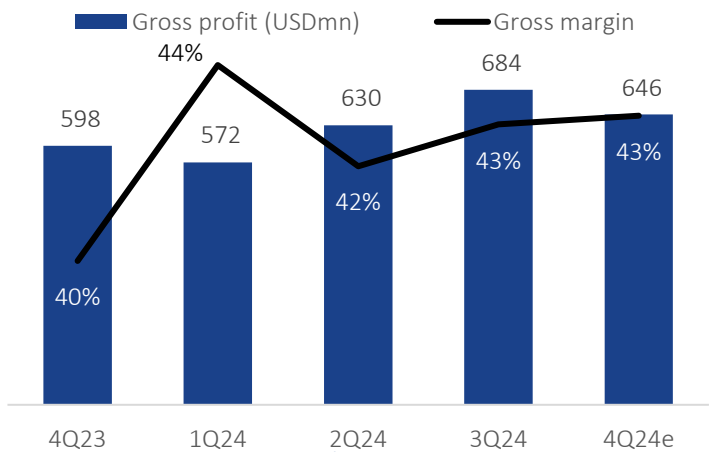
Source: Company data, IS Research. Chart data rebased to 100 as of 01 January 2024.



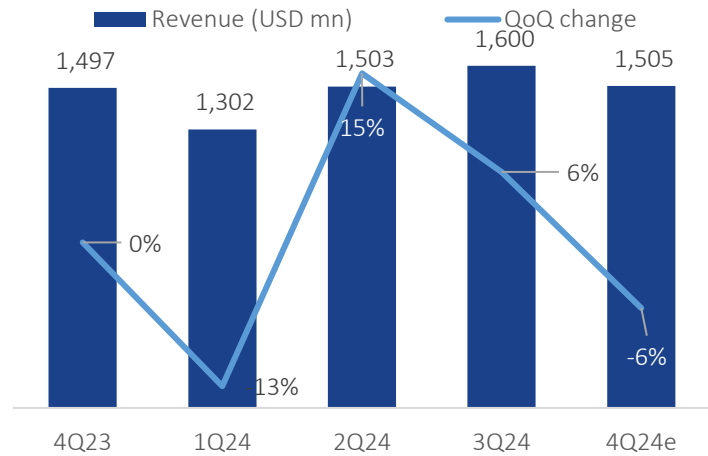
Sales volumes (mn tons)



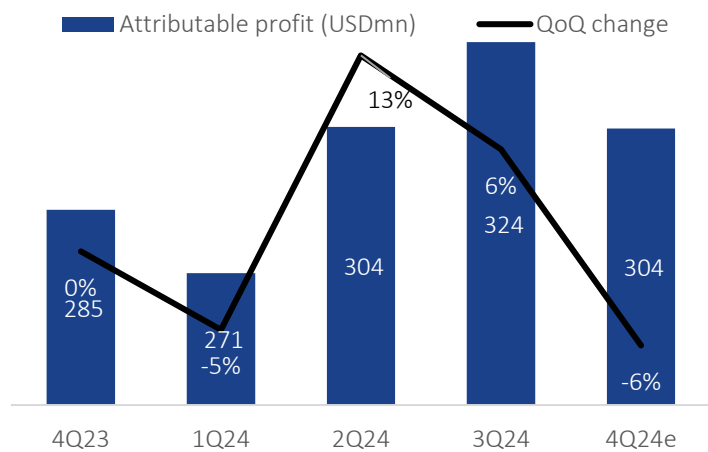
Gross profit and margins



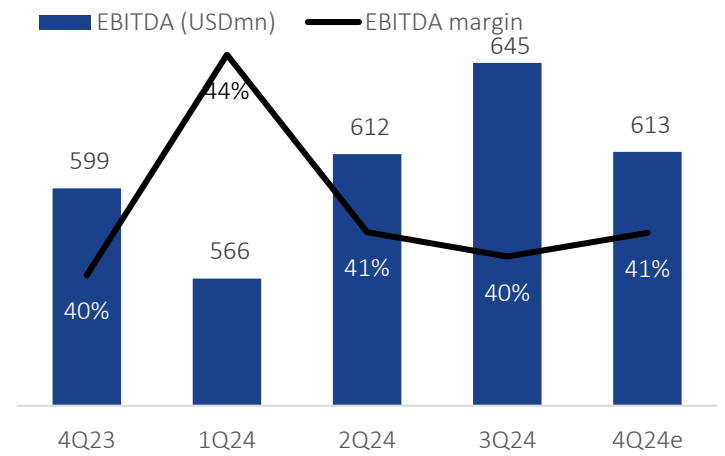
Revenue and QoQ change



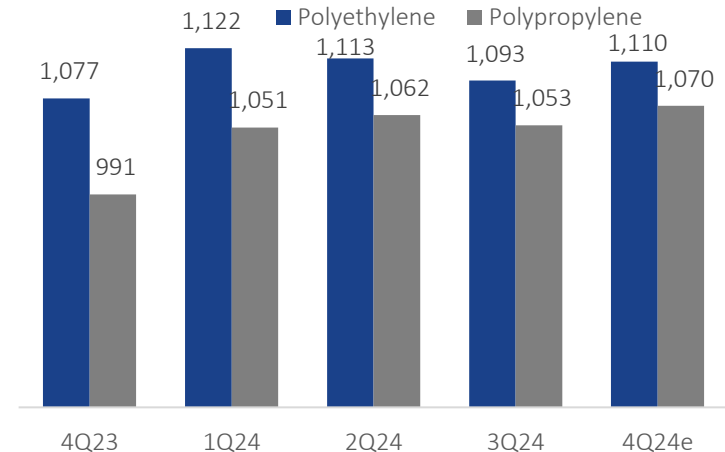
Attributable profit and QoQ change



EBITDA and margins



Prices of Polyolefins (USD/ton)

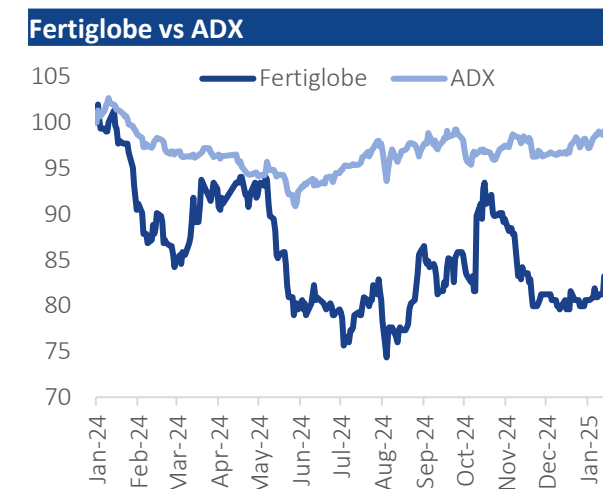


Source: Company Data, IS Research



- We expect Fertiglobe to post 4Q24e core attributable profit of USD30mn, down 69% YoY and 4% QoQ. This would take the FY24e core attributable profits to USD195mn, down 46% YoY. We expect Fertiglobe to announce a 2H23 dividend of AED0.05/share.
- We expect total sales volumes of 1,352k tons in 4Q24 versus 1,379k tons in 3Q24 and 1,577k tons in 4Q23, with the decline in volumes led by turnaround activity at the Sorfert plant. For FY24, we expect full year volumes of 5,766k tons versus 6,177k tons in FY23.
- Fertilizer prices are the main driver for Fertiglobe's revenues and profits where we expect Urea prices to be lower by 9% YoY at USD360/ton while Ammonia prices are expected to be 24% lower YoY at USD380/ton in 4Q24. On QoQ basis, both Urea and Ammonia prices have shown some recovery with expectation of 8% and 19% higher price QoQ, respectively.
- We expect EBITDA margins of 31% during 4Q24, lower by 13pps YoY but up 9pps QoQ, mainly led by the respective price movement during the 4Q24.
- We maintain our Buy recommendation on the stock with Fair Value of AED3.36/sh. Following ADNOC's increase in its shareholding in Fertiglobe to 86.2%, ADNOC intends to integrate its domestic and global portfolio of projects in low-carbon ammonia, more than doubling Fertiglobe's ammonia project capacity. Urea and Ammonia prices have also recently recovered which is another potential catalyst for Fertiglobe.

Ticker	FERTIGLB UH
Market Cap (AED bn)	20.34
Stock Price (AED)	2.45
Fair Value (AED)	3.36
Upside (%)	37.14
52W High (AED)	3.05
52W Low (AED)	2.22
3M ADTV (AEDmn)	5.72
PE FY24e (x)	28.49
PB FY24e (x)	4.46
Div. yield FY24e (%)	4.73

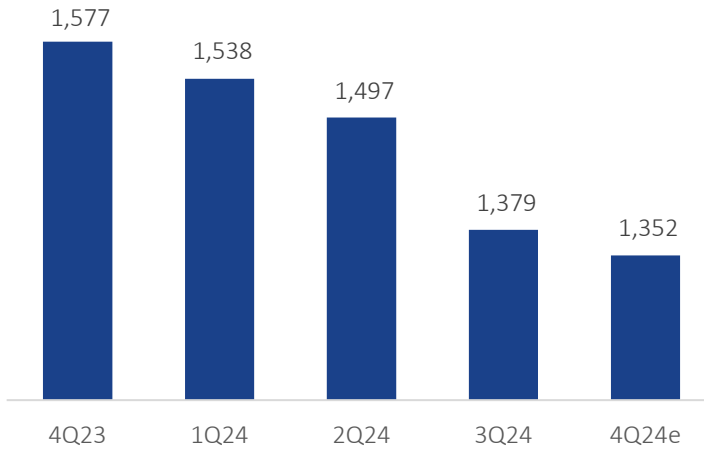


USD mn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	493	-24%	-1%	2,416	2,036	-16%
Gross Profit	119	-53%	50%	852	495	-42%
GP margin	24%	-15%	8%	35%	24%	-11%
SG&A	(37)	-9%	-10%	(145)	(144)	-1%
SG&A-to-sales	-8%	1%	1%	-6%	-7%	-1%
EBITDA	152	-47%	40%	1,004	630	-37%
EBITDA margin	31%	-13%	9%	42%	31%	-11%
Net finance cost	(30)	-27%	-1%	(123)	(124)	0%
Profit after tax	42	-69%	NA	469	227	-52%
Attributable Profit	30	-69%	NA	349	150	-57%
Core profit*	30	-71%	-4%	363	195	-46%
Core EPS* (AED)	0.013	-71%	-4%	0.160	0.086	-46%

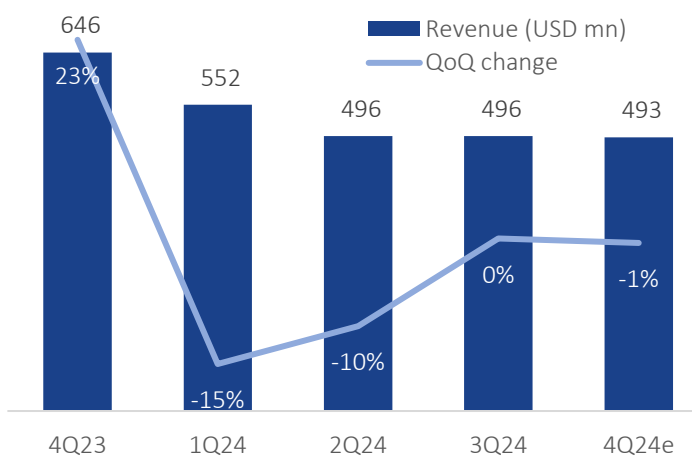
Source: Company data, IS Research. Chart data rebased to 100 as of 01 January 2024. *Excluding non-recurring items



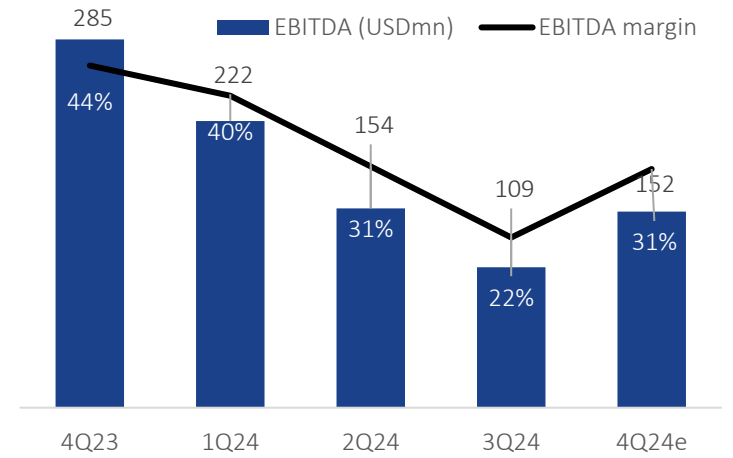
Sales volumes (000 tons)



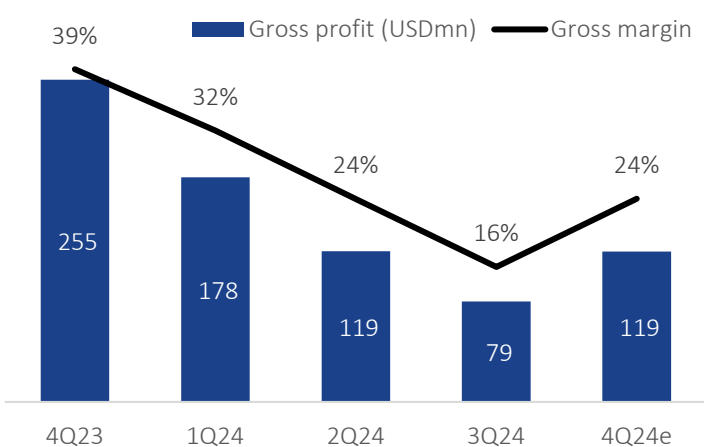
Revenue and QoQ change



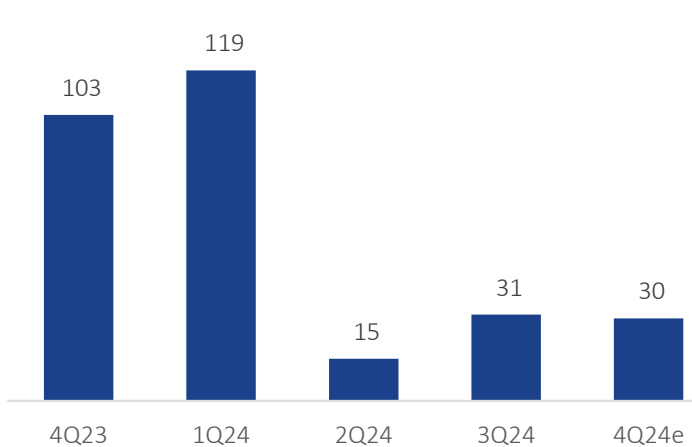
EBITDA and margins



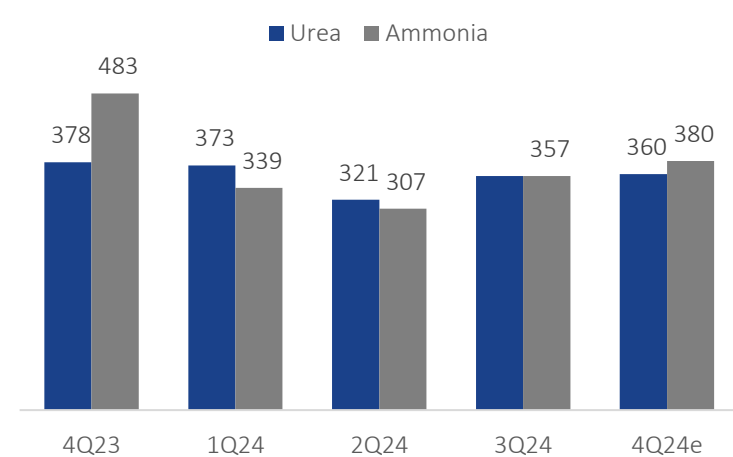
Gross profit and margins



Attributable profit (USD mn)



Benchmark fertilizer prices (USD/ton)

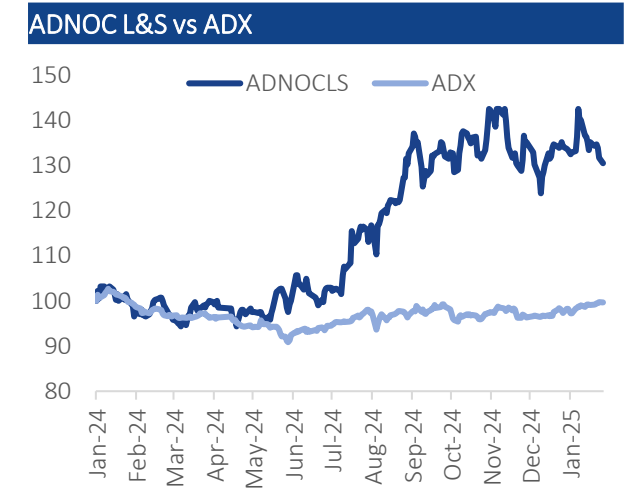


Source: Company Data, IS Research. *1Q24 attributable profit includes a tax reversal of USD46.8mn



- ADNOC L&S is expected to report a net income of USD184mn in 4Q24e, up 12% YoY and 5% QoQ. This would take the FY24e profit to USD761mn, up 23% YoY. Along with the result, we expect ADNOC L&S to announce a 2H24 dividend of AED0.07/share.
- The YoY jump is expected to be led by contribution from EPC contract as well as favorable price dynamics across all business verticals. On QoQ, we expect higher profits mainly led by expected contribution from the EPC contract which is expected to post revenue of USD268mn in 4Q24 versus USD183mn in 3Q24.
- We expect revenue to jump to USD994mn in 4Q24, up 20% YoY led by strong performance across all verticals and contribution from the EPC contract received from ADNOC. On QoQ basis, we expect revenue to be 7% higher. We expect EBITDA of USD288mn, up 19% YoY. EBITDA margins are expected to clock in at 29% in 4Q24, flattish on a YoY and QoQ basis.
- Corporate tax of 9% with effect from 1st January 2024 is likely to result in a tax liability of USD18mn in 4Q24. However, company's strong growth and favorable business environment is expected to more than compensate for the tax expense with profits expected to increase by 12% YoY.
- While we continue to stay optimistic on the company's growth prospects, but we believe the 30%+ price performance since start of 2024 adequately captures the growth story. We have a Hold recommendation on ADNOC L&S with a Fair Value of AED6.10/share. The stock trades at FY24 P/E of 14.0x and offers 2.6% dividend yield for FY24.

Ticker	ADNOC L&S Equity
Market Cap (AEDbn)	39.29
Stock Price (AED)	5.31
Fair Value (AED)	6.10
Upside (%)	14.88
52W High (AED)	5.90
52W Low (AED)	3.80
3M ADTV (AEDmn)	19.29
PE FY24e (x)	13.97
PB FY24e (x)	2.18
Div. Yield FY24e (%)	2.55

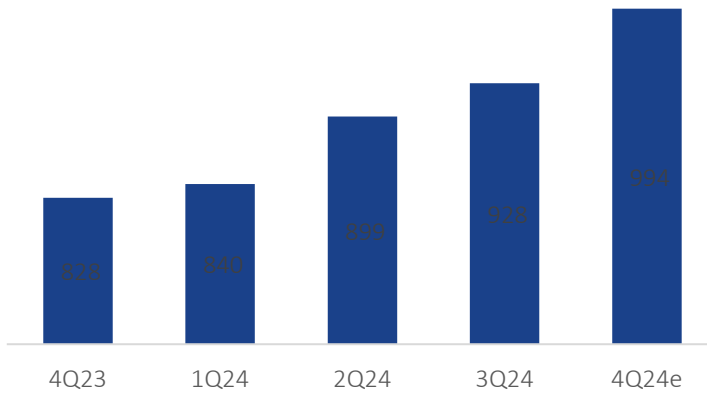


USD mn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	994	20%	7%	2,755	3,662	33%
Gross Profit	257	24%	15%	752	979	30%
Gross Profit Margin	26%	1%	2%	27%	27%	-1%
EBITDA	288	19%	5%	876	1,154	32%
EBITDA margin	29%	0%	0%	32%	32%	0%
Profit before tax	203	20%	6%	622	837	35%
Profit after tax	184	12%	5%	620	761	23%
EPS (AED)	0.09	12%	5%	0.31	0.38	23%

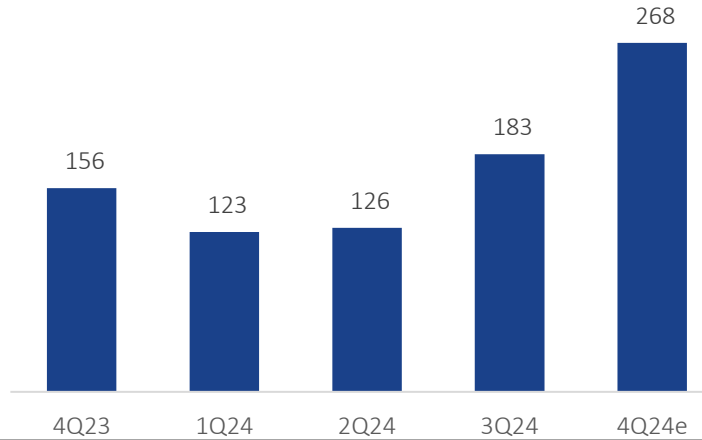
Source: Company data, IS Research. Chart data rebased to 100 as of 01st January 2024.



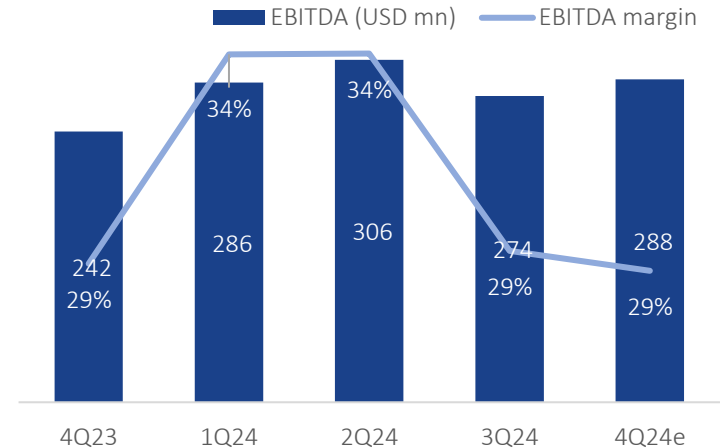
Revenue (USD mn)



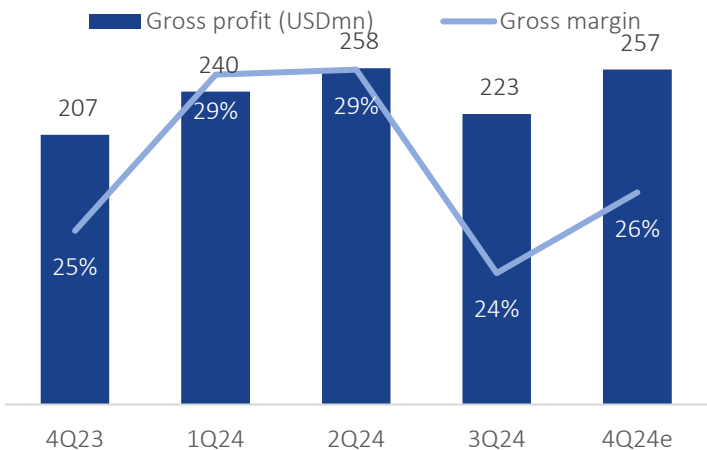
Revenue from EPC contract (USD mn)



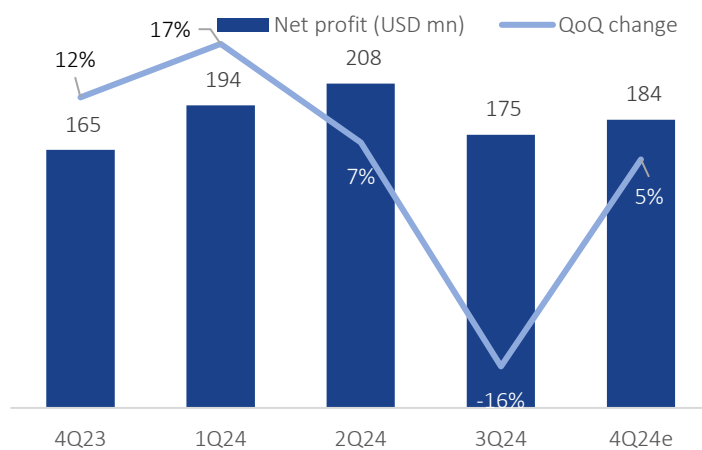
EBITDA and margins



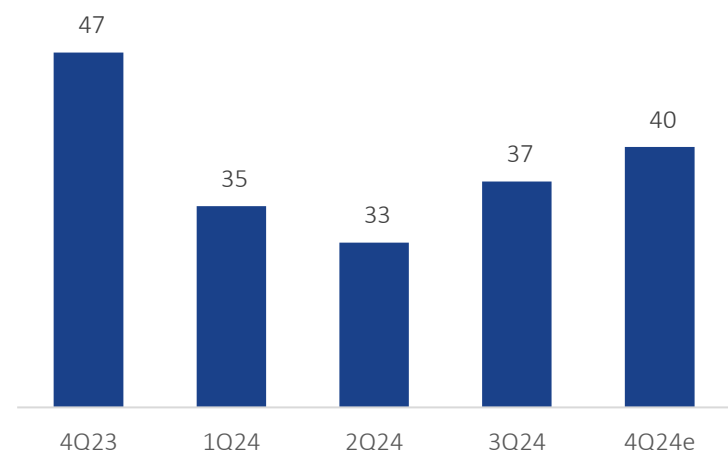
Gross profit and margins



Net profit (USD mn)



General & admin expense (USD mn)

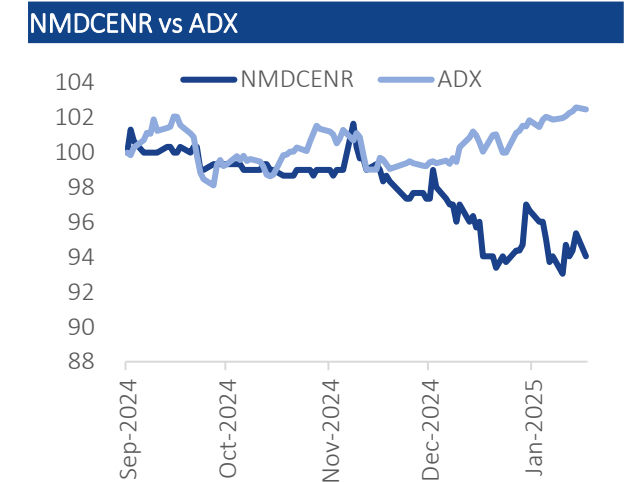


Source: Company Data, IS Research.



- We expect NMDC Energy to post 4Q24e shareholder's profit of AED464mn, up 24% YoY and 16% QoQ. This would take the FY24e profit to AED1.4bn, up 75% YoY. Along with the result, we expect the company to announce a debut dividend of AED0.14/share, translating into a dividend yield of 4.9%.
- We expect revenues to increase by 44% YoY and 7% QoQ to AED4.3bn on the back of expected strong order realization amid a very high backlog. The company continues to announce new contracts and had a backlog of over AED50bn as at 9M24.
- EBITDA is expected at AED508mn in 4Q24, higher by 27% YoY. On QoQ, EBITDA is expected to be 6% lower, despite higher gross profits, mainly due to lower than expected other income of AED30mn versus AED67mn in 3Q24.
- Revenue in FY24 is expected to be 77% higher YoY, backed by strong order flow and company's continuous success in winning tenders. Both revenues and profits is expected to beat our original estimates released at the time of IPO.
- We maintain our Buy recommendation on NMDC Energy with a FV target of AED3.46/share. The stock trades at FY24e P/E of 10.5x and offers 4.9% dividend yield.
- We also believe the stock will be added to MSCI and FTSE indexes in 1Q25 with cumulative expected inflow north of c.USD50mn, 36x of ADTV, which could potentially act as a catalyst.

Ticker	NMDCENR Equity
Market Cap (AEDbn)	14.20
Stock Price (AED)	2.84
Fair Value (AED)	3.46
Upside (%)	21.81
52W High (AED)	3.40
52W Low (AED)	2.80
3M ADTV (AEDmn)	5.00
PE FY24e (x)	10.52
PB FY24e (x)	2.46
Div. Yield FY24e (%)	4.93

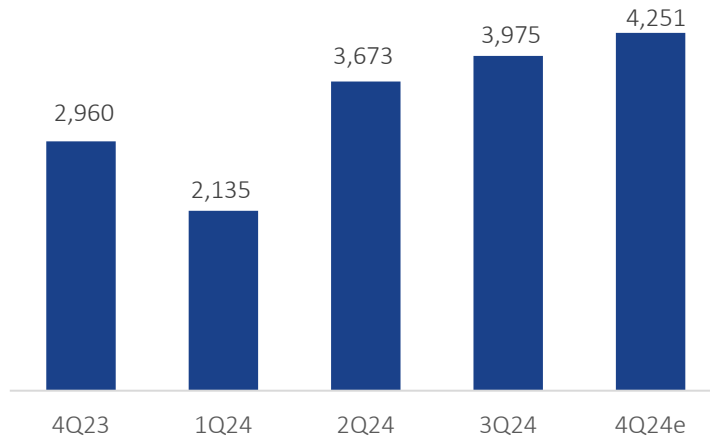


AED mn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	4,251	44%	7%	7,941	14,034	77%
Gross Profit	489	8%	12%	946	1,492	58%
Gross Profit Margin	12%	-4%	1%	12%	11%	-1%
EBITDA	508	27%	-6%	953	1,704	79%
EBITDA margin	12%	-2%	-2%	12%	12%	0%
Profit before tax	510	30%	-1%	805	1,561	94%
Shareholders profit	464	24%	16%	780	1,366	75%
EPS (AED)	0.09	24%	16%	0.16	0.27	75%

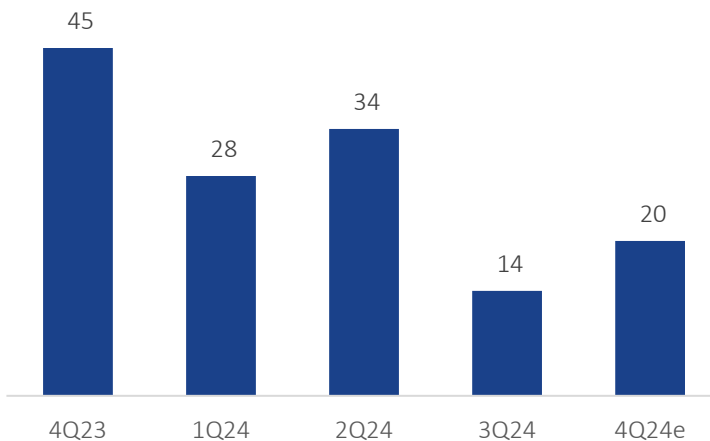
Source: Company data, IS Research. Chart data rebased to 100 as of 11th September 2024.



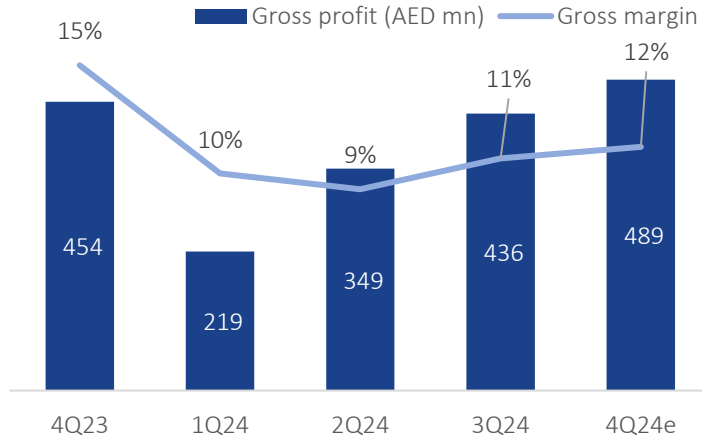
Revenue (AED mn)



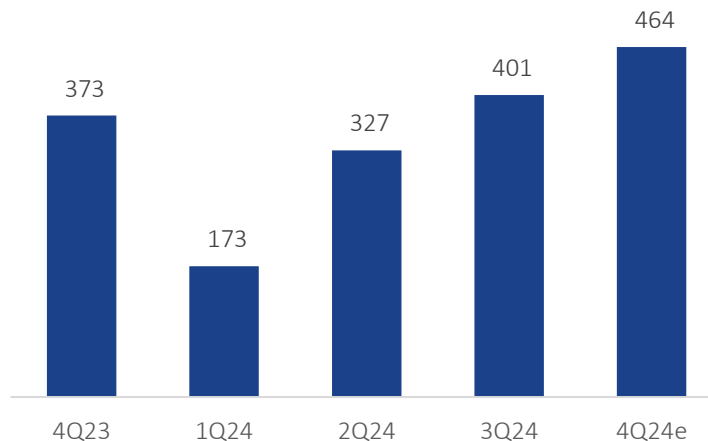
General & admin expense (AED mn)



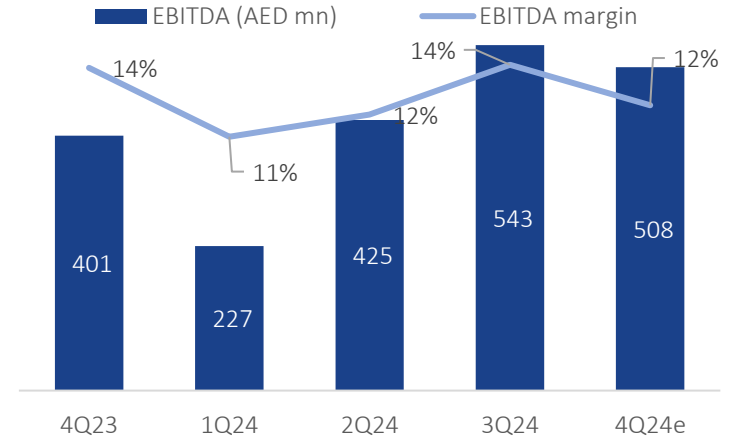
Gross profit and margins



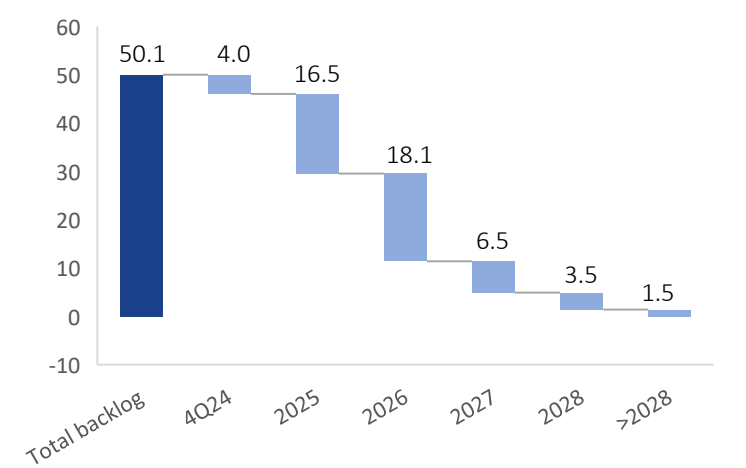
Net profit (AED mn)



EBITDA and margins



Expected backlog unwinding (AED mn)

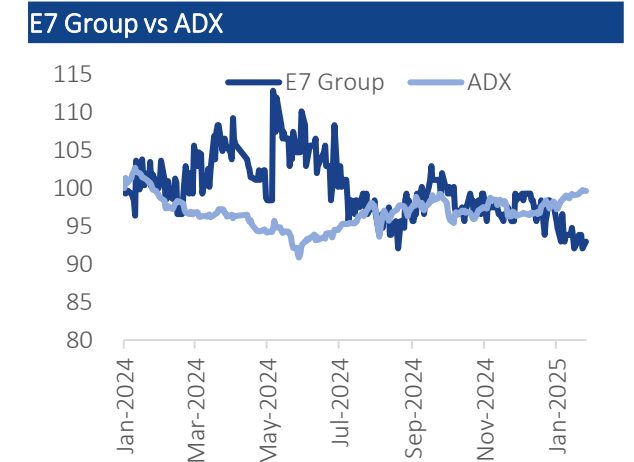


Source: Company Data, IS Research.



- We expect E7 Group to post 4Q24e core shareholder's profit of AED64mn, up 56% YoY but down 13% QoQ. This would take the FY24e profit to AED228mn, up 63% YoY. As per the company's dividend policy, we expect a dividend of 50% of profits, translating into a dividend per share of AED0.057 and a dividend yield of 5.5% at last close.
- We expect 4Q24 revenues to increase by 16% YoY and 2% QoQ to AED195mn backed by higher capacity and rising volumes. The revenue growth is predominantly driven by E7 Security while E7 Packaging is also expected to continue its growth trajectory.
- EBITDA is expected at AED56mn in 4Q24, higher by 19% YoY. On QoQ, EBITDA is expected to be 4% lower, despite higher gross profits, mainly due to higher expected G&A expenses.
- We expect net finance income of AED26mn in 4Q24, out of which we expect AED18mn to come from return on bank deposits while AED8mn is expected to be realized as net gain on warrant liabilities. On YoY, net finance income is expected to be 413% higher backed by higher cash deposits. On QoQ, we expect net finance income to decline by 18% mainly due to expectation of lower gain on warrants which clocked in at AED13.1mn in 3Q24.
- We maintain our Buy recommendation on E7 Group with a FV of AED1.53/share. Based on 3Q24 accounts, the company has 70% of its market cap in cash deposits which is expected to be utilized for inorganic expansion. The stock trades at FY24 P/E of 9.0x and offers 5.5% dividend yield.

Ticker	E7 Equity
Market Cap (AEDbn)	2.06
Stock Price (AED)	1.03
Fair Value (AED)	1.53
Upside (%)	48.54
52W High (AED)	1.30
52W Low (AED)	1.02
3M ADTV (AEDmn)	1.38
PE FY24e (x)	9.04
PB FY24e (x)	1.14
Div. Yield FY24e (%)	5.53

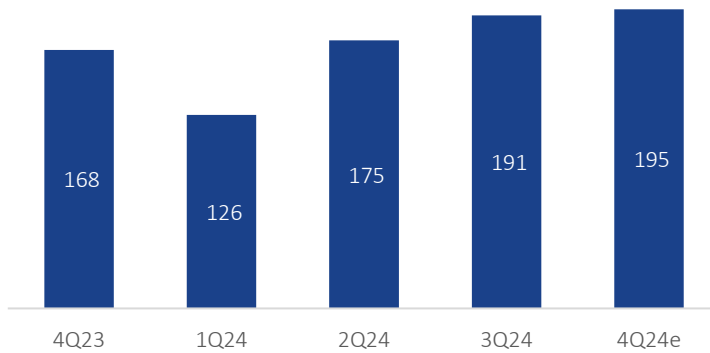


AED mn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	195	16%	2%	632	687	9%
Gross Profit	70	25%	2%	200	226	13%
Gross Profit Margin	36%	3%	0%	32%	33%	1%
EBITDA	56	19%	-4%	171	186	9%
EBITDA margin	29%	1%	-2%	27%	27%	0%
Net finance income	26	413%	-18%	8	106	1271%
Profit before tax	70	71%	-13%	140	251	79%
Core Shareholders profit	64	56%	-13%	140	228	63%
EPS (AED)	0.032	56%	-13%	0.070	0.114	63%

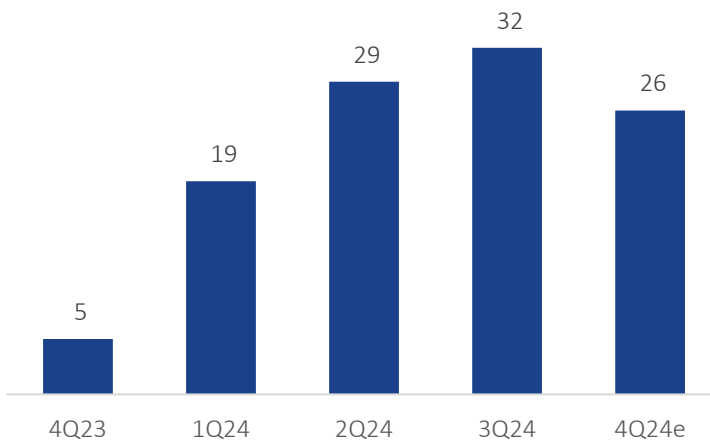
Source: Company data, IS Research. Chart data rebased to 100 as of 01 January 2024.



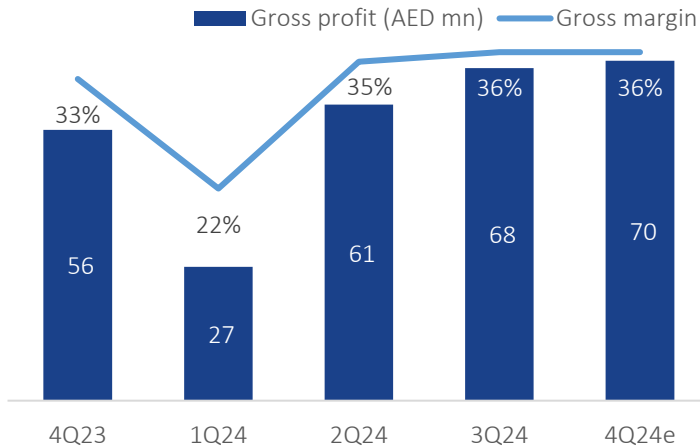
Revenue (AED mn)



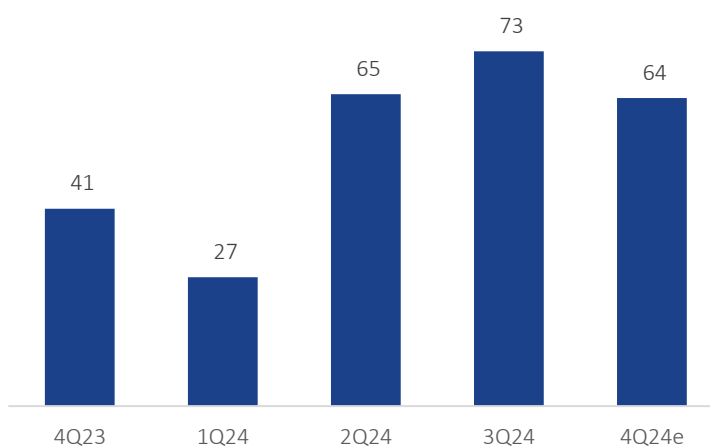
Net finance income (AED mn)



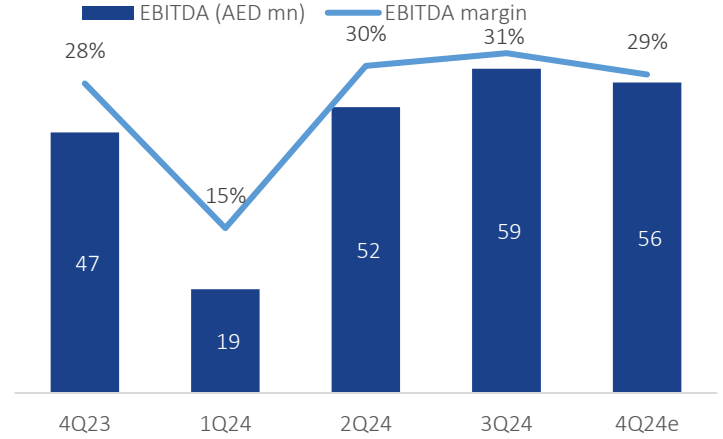
Gross profit and margins



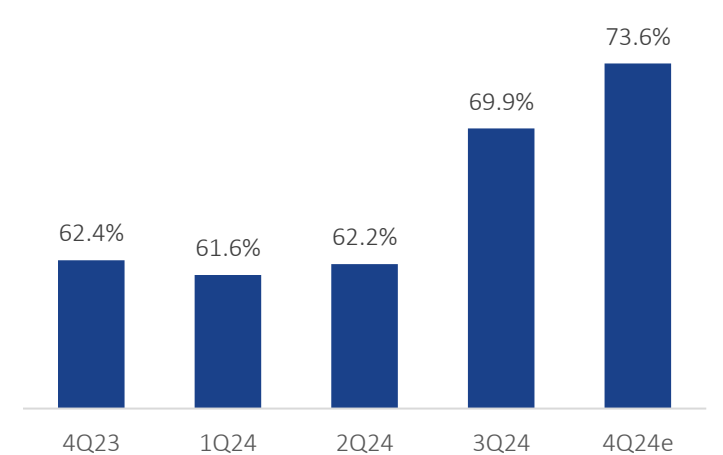
Core shareholders profit (AED mn)



EBITDA and margins



Cash as % of current mkt cap

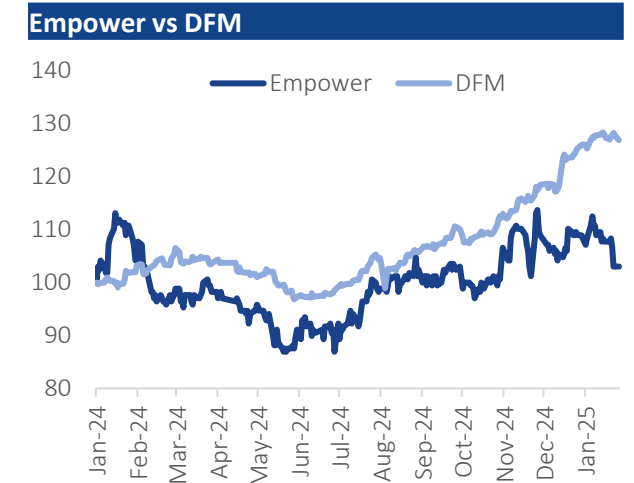


Source: Company Data, IS Research.



- We expect Empower to post 4Q24 shareholder's profit of AED248mn, down 9% YoY and 5% QoQ. This would take the FY24 shareholder's profit to AED878mn, down 8% YoY. We also expect 2H24 dividend of AED0.0425/share.
- The YoY decline in profits is expected due to 15% jump in general and admin expenses which have stayed escalated YoY throughout 2024. On QoQ, lower profits are mainly due to seasonal factors. District cooling companies' revenues and profits fluctuate between quarters with demand peaking in summer months while comparatively lower volumes are witnessed in the winter season.
- We expect revenue in 4Q24 to increase by 7% YoY to AED819mn backed by higher overall capacity amid stable pricing. On QoQ basis, we expect the revenue to be 26% lower, mainly due to seasonally lower demand in 4Q vs 3Q.
- On margins front, we expect EBITDA margins of 49% in 4Q24 up 10pps QoQ as lower demand results in lower consumption revenue which attracts lower margins compared to margins on capacity revenues which are fixed.
- We maintain our Hold recommendation on Empower with unchanged FV of AED1.94/share. The stock trades at FY24e P/E of 19.7x and offers 4.9% dividend yield.

Ticker	EMPOWER UH
Market Cap (AED bn)	17.30
Stock Price (AED)	1.73
Fair Value (AED)	1.94
Upside (%)	12.14
52W High (AED)	2.04
52W Low (AED)	1.44
3M ADTV (AEDmn)	3.92
PE FY24e (x)	19.66
PB FY24e (x)	6.25
Div. yield FY24e (%)	4.91

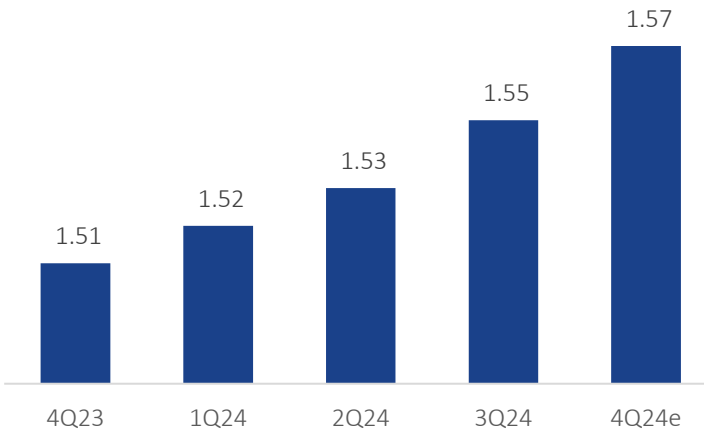


AED mn	4Q24e	QoQ	YoY	FY23	FY24e	YoY
Revenue	819	-26%	7%	3,035	3,271	8%
Gross Profit	381	-6%	6%	1,333	1,407	6%
GP margin	47%	10%	-1%	44%	43%	-1%
SG&A	(60)	-2%	15%	(220)	(238)	8%
SG&A-to-sales	-7%	-2%	-1%	-7%	-7%	0%
EBITDA	403	-6%	3%	1,465	1,512	3%
EBITDA margin	49%	10%	-2%	48%	46%	-2%
Net finance cost	(48)	-9%	-10%	(177)	(197)	11%
Shareholder's Profit	248	-5%	-9%	953	878	-8%
EPS (AED)	0.025	-5%	-9%	0.094	0.088	-8%

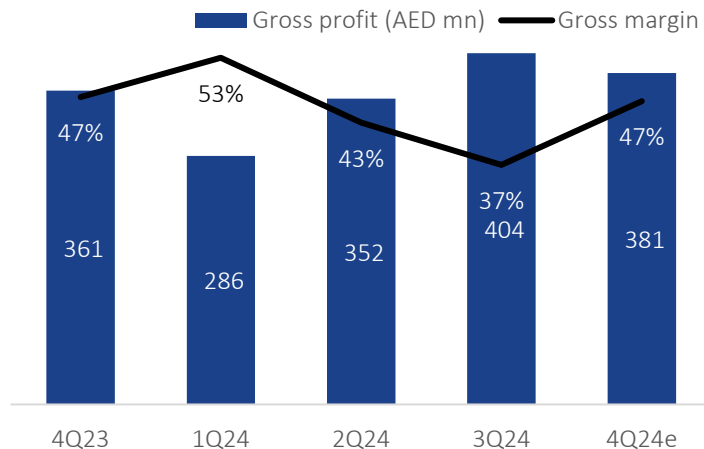
Source: Company data, IS Research. Chart data rebased to 100 as of 01 January 2024.



Estimated connected capacity (mn RT)

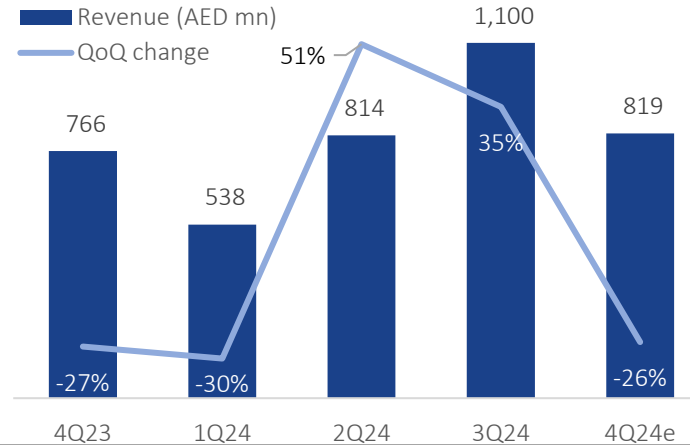


Gross profit and margins

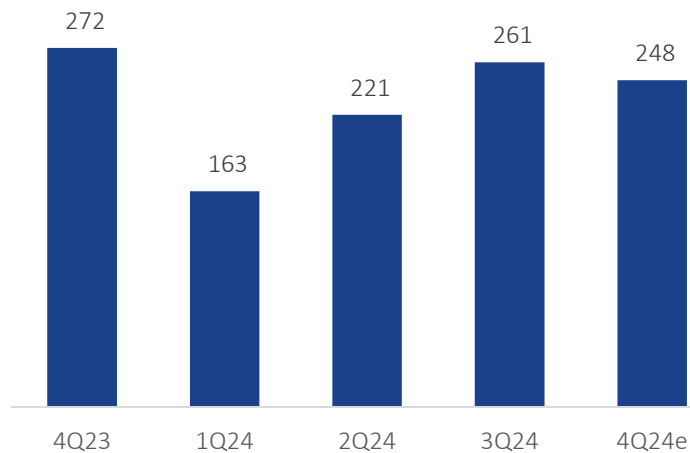


Source: Company Data, IS Research

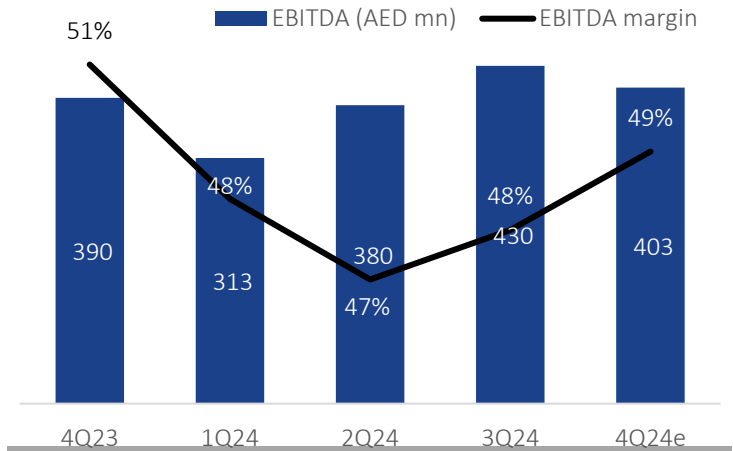
Revenue and QoQ change



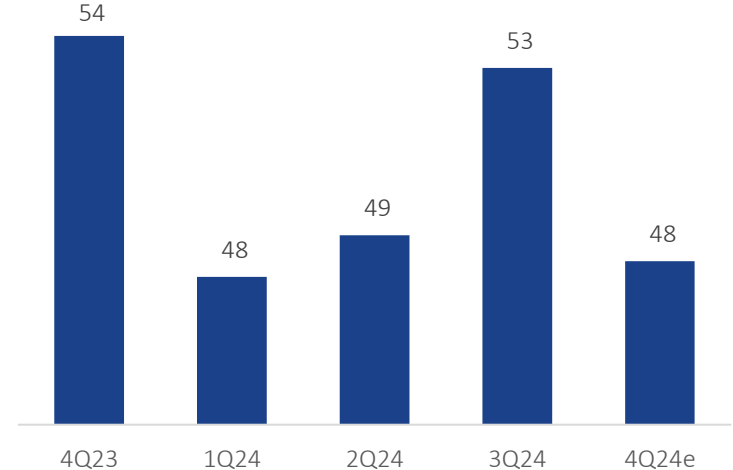
Attributable profit (AED mn)



EBITDA and margins



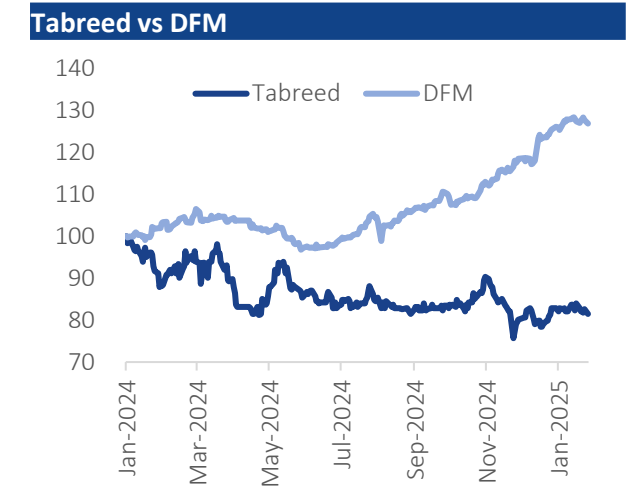
Net finance cost (AED mn)





- We expect Tabreed to post 4Q24e core profit of AED146mn, down 11% YoY and 7% QoQ. Core profit removes the impact of other income/expenses which are generally non-recurring in nature. This would take the FY24 core profit to AED568mn, down 6% YoY. Along with the result, we expect Tabreed to announce FY24 cash dividend of AED0.16/share.
- The YoY decline in profits is expected due to higher financial charges and implication of corporate taxes. On QoQ, lower profits are mainly due to seasonal factors. District cooling companies' revenues and profits fluctuate between quarters with demand peaking in summer months while comparatively lower volumes are witnessed in the winter season.
- We expect revenue in 4Q24 to increase by 1% YoY to AED601mn backed by higher overall capacity. On QoQ basis, we expect the revenue to be 22% lower, mainly due to seasonally lower demand in 4Q vs 3Q.
- On margins front, we expect EBITDA margins of 49% in 4Q24 up 7pps QoQ as lower demand results in lower consumption revenue which attracts lower margins compared to margins on capacity revenues which are fixed.
- We have a Buy recommendation on Tabreed with FV of AED 3.97/sh. The stock trades at FY24 PE of 14.8x and offers FY24 dividend yield of 5.4%.

Ticker	TABREED UH
Market Cap (AED bn)	8.39
Stock Price (AED)	2.95
Fair Value (AED)	3.97
Upside (%)	34.58
52W High (AED)	3.59
52W Low (AED)	2.74
3M ADTV (AEDmn)	2.70
PE FY24e (x)	14.75
PB FY24e (x)	1.32
Div. yield FY24e (%)	5.42

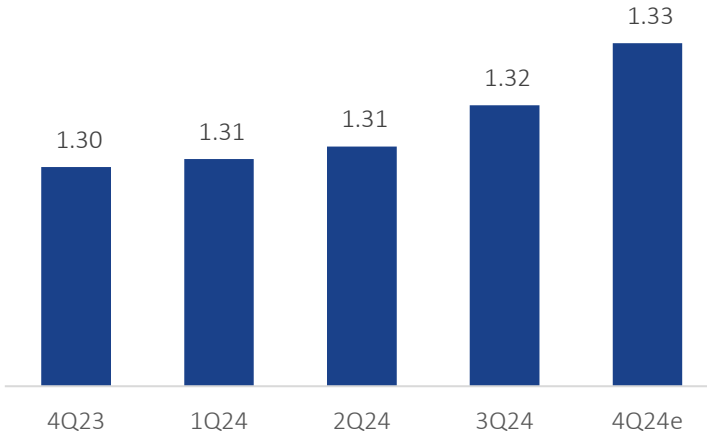


AED mn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	601	1%	-22%	2,415	2,452	2%
Gross Profit	280	1%	-3%	1,082	1,095	1%
SG&A	(75)	-5%	3%	(272)	(294)	8%
SG&A-to-sales	-12%	1%	-3%	-11%	-12%	-1%
Core EBITDA*	295	5%	-8%	1,198	1,132	-5%
Core EBITDA margin	49%	2%	7%	50%	46%	-3%
Net finance cost	(42)	12%	4%	(204)	(217)	6%
Shareholder's Profit	145	-1%	-7%	431	570	32%
Core profit*	145	-11%	-7%	603	568	-6%
Core EPS (AED)	0.051	-11%	-7%	0.212	0.200	-6%

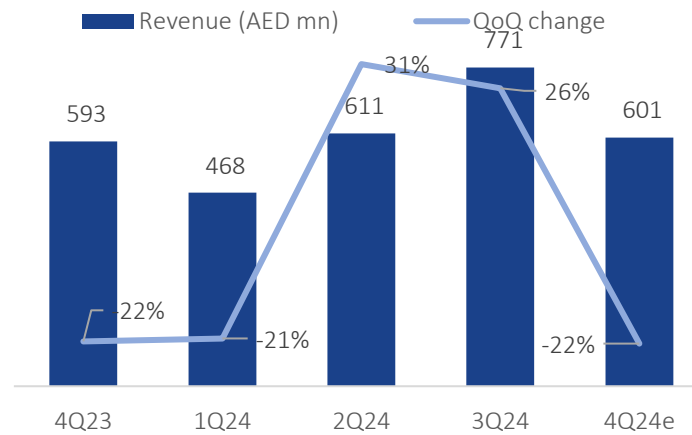
Source: Company data, IS Research. Chart data rebased to 100 as of 01 January 2024. *Excluding non-recurring items



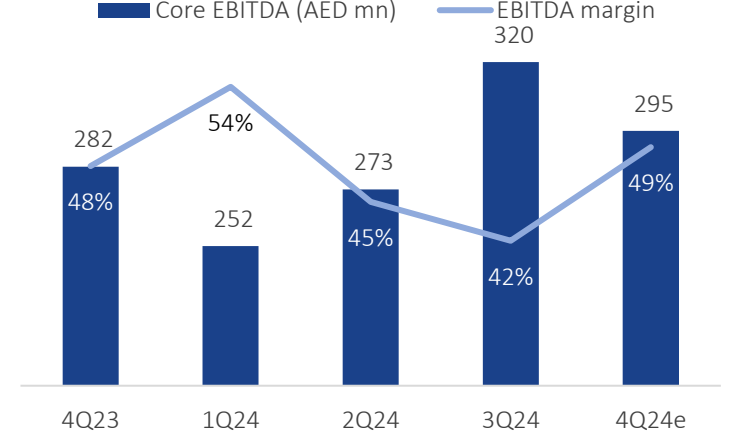
Connected capacity (mn RT)



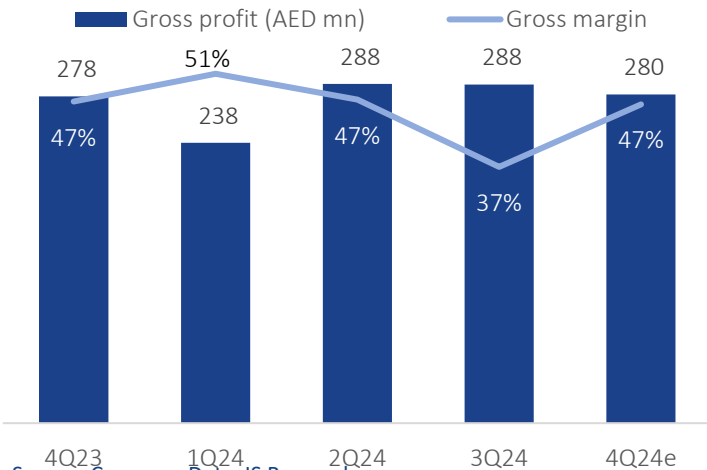
Revenue and QoQ change



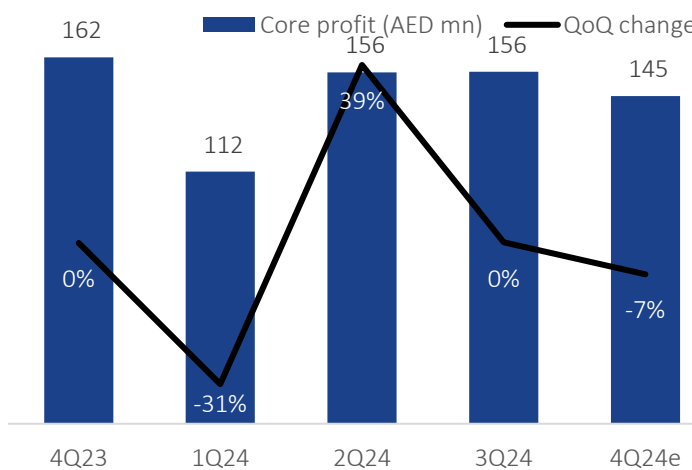
Core EBITDA and margins



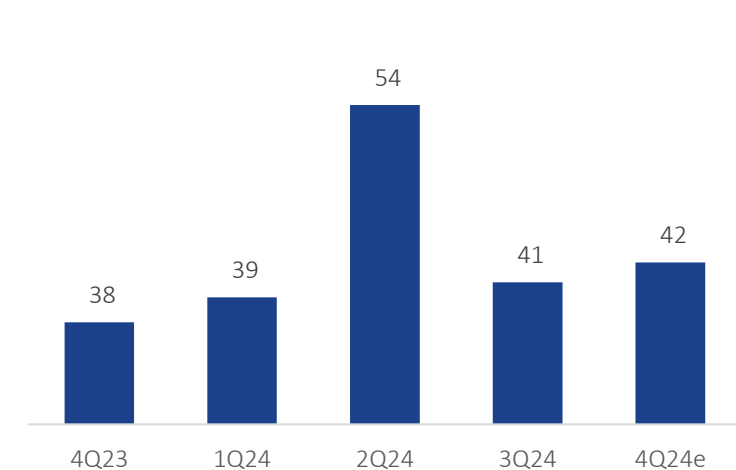
Gross profit and margins



Core profit and QoQ change



Net finance cost (AED mn)

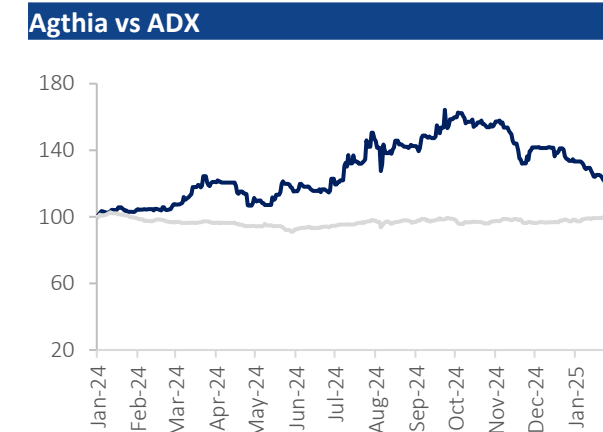


Source: Company Data, IS Research



- We expect Agthia to report a 4Q24 Group profit of AED116.7mn (+24.1%YoY, +79.7% QoQ), on revenues of AED1.36bn, +5.3%YoY and +25.6% QoQ. Subject to seasonality we expect Agthia to report a strong performance in the Quarter. However, we expect that the EGP devaluation will continue to impact the performance of the group.
- We expect 4Q24 EBITDA of AED211mn, down 5.0% YoY and +36.1% QoQ, with an EBITDA margins of 15.5% in 4Q24 down 1.7ppt YoY. Protein business is expected to continue to suffer from the EGP devaluation. However, the recently launched Protein Manufacturing facility in Saudi Arabia shall drive the growth for the protein segment going forward.
- Further the group is leveraging its Egyptian platform to strengthen its export focus and in 9M24 the company registered a 315%YoY growth in export revenue from Egypt which reached AED73.2mn. As group continues to increase its export revenues from Egypt its immunity to economic headwinds and EGP devaluation increases.
- We expect the company to report a net finance cost of AED11.5mn in 4Q24. The company will also be subject 9% UAE corporate Tax in FY24 which will adversely impact the profits of the company.
- We have a Hold recommendation on the company with a Fair Value of AED6.70/sh. Further, we expect the company to adhere to its semi-annual dividend policy, announcing 10 fils in dividends for 2H24e, implying a dividend yield of 3.5% for FY24e.

Ticker	AGTHIA UH
Market Cap (AEDbn)	4.95
Stock Price (AED)	5.96
Fair Value (AED)	6.70
52W High (AED)	8.19
Upside/ Downside	12.4%
52W Low (AED)	4.76
3M ADTV (AED mn)	2.2
PE FY24e (x)	14.1x
PB FY24e (x)	1.5x
Div. Yield FY24e (%)	3.5%

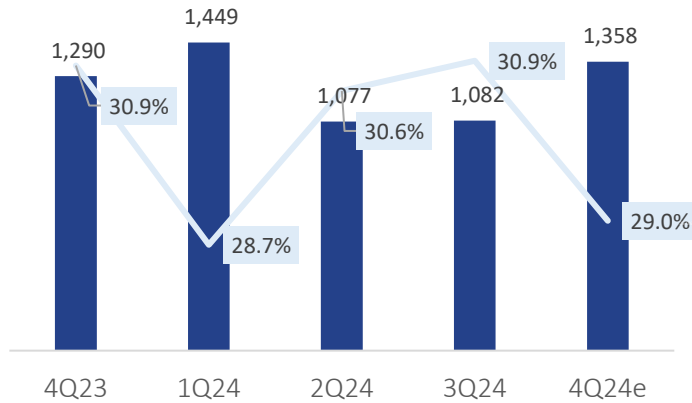


AED mn	4Q24e	YoY	QoQ	FY23	FY24	YoY
Revenue	1,358.2	5.3%	25.6%	4,561	4,966	8.9%
Gross Profit	394.3	-1.0%	17.9%	1,361	1,474	8.3%
GP margin	29.0%	-1.8%	-1.9%	29.8%	29.7%	-0.2%
EBITDA	211.0	-5.0%	36.1%	689.0	748.4	8.6%
EBITDA Margin (%)	15.5%	-1.7%	1.2%	15.1%	15.1%	0.0%
Net Finance Cost	(11.5)	-48.4%	-35.3%	(87.2)	(73.8)	-15.4%
Tax	(34.4)	-36.4%	107.9%	(82.6)	(81.6)	-1.2%
Group Profit	116.7	24.1%	79.7%	299.6	371.6	24.1%
Core Group Profit*	116.7	-14.6%	79.7%	342.2	371.6	8.6%
EPS* (AED/sh)	0.13	19.6%	77.8%	0.33	0.40	22.0%
DPS (AED/sh)	0.1031		25.6%	0.185	0.206	11.4%

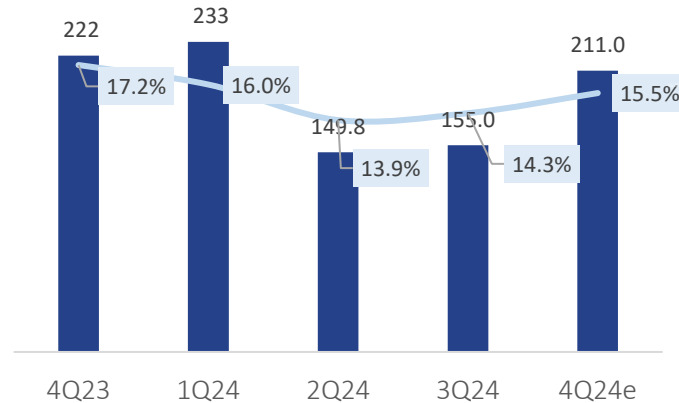
Source: Company data, IS Research. Chart data rebased to 100 as of 1st Jan 2024. *Excluding non-recurring items.



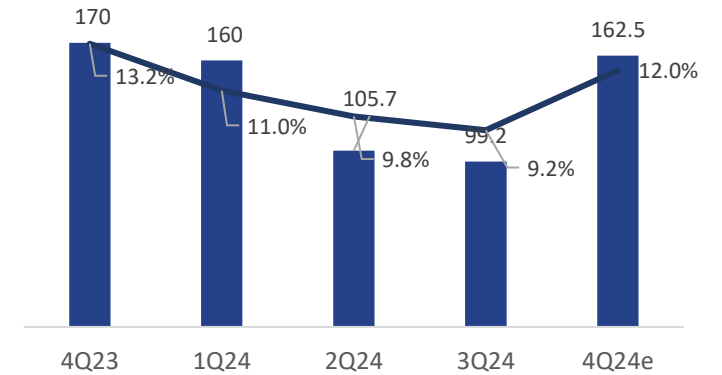
Agthia Revenue and Gross Margins



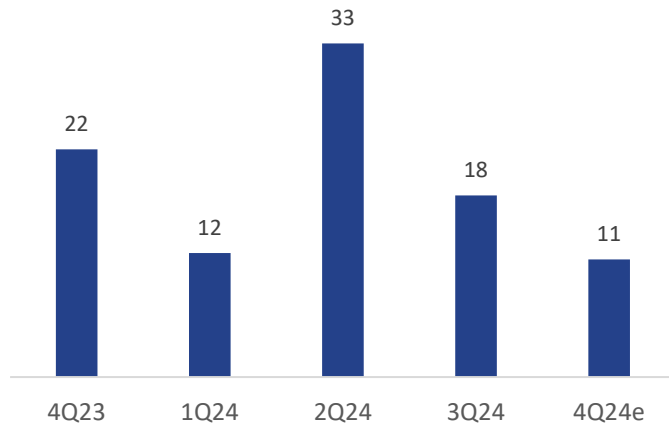
Agthia - EBITDA and EBITDA Margin



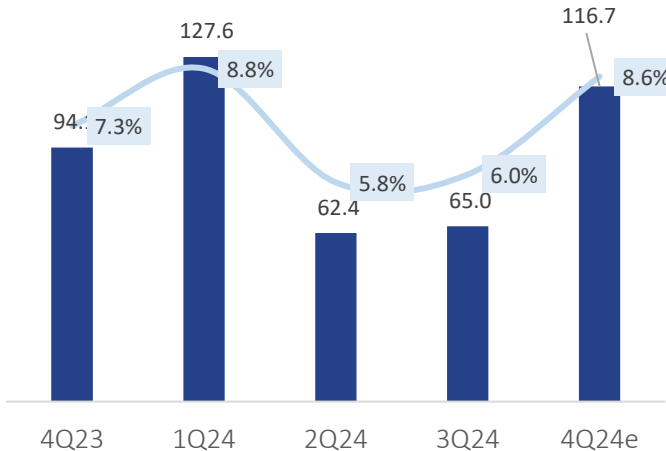
Agthia EBIT and Margins



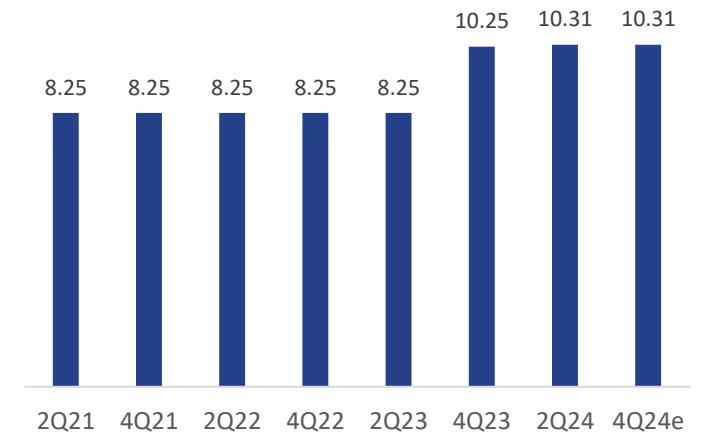
Agthia Net Finance Cost (AED mn)



Agthia – Group Profit



Agthia Quarterly Dividend (Fils)

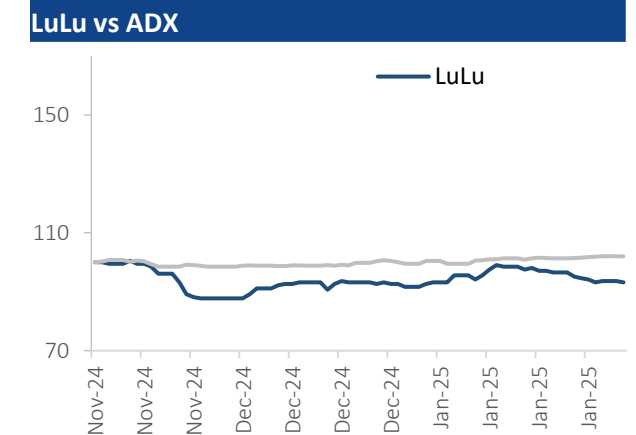


Source: Company Data, IS Research



- We expect LuLu to report a 4Q24 revenue of USD2.2bn, +20.0%YoY and 20.2% QoQ. The revenue growth is expected to be driven by modest LFL growth of 2.5-3.0% and rollout of new stores. The company has opened 9 stores in 4Q24 taking the total number of new store rollouts to 21 in 2024.
- For 4Q24 we expect LuLu to report an EBITDA of USD271mn, +24.5% YoY, with an EBITDA margin of 12.1%, up 0.4% YoY. For FY24 the EBITDA margin is expected to clock-in at 10.5%, flattish YoY following lease changes in KSA and Qatar. Going forward, improved product mix, better sourcing capabilities and strong contribution from Privates labels is expected to drive the improvement in the margins. Moreover, we expect the gross profit to clock-in at USD509mn in 4Q24 up 9.3% YoY, and 16.9% QoQ.
- In 2024 the group guided to open c.21 new stores comprising of 12 hypermarket, 8 express stores and 1 Mini Market where 12 stores were opened in 9M24. Between 2025-2028, the group intends to rollout a total of c.25-30. HyperMarkets and 40-45 express stores which shall drive growth for the company. We expect the group revenue to grow at a 2023-2028e CAGR of 7.5% with revenue reaching USD10.4bn by 2028.
- We have a Buy recommendation on LuLu Retail Holdings PLC with a Fair Value of AED2.60/sh, providing an upside of 37% from the current levels. The management has guided to pay dividends for the 2H24 and we expect dividend announcement of USD114mn. The stock currently trades at an attractive level with FY24e PE(x) of 19.9x and EV/EBITDA of 9.5x.

Ticker	LULU UH
Market Cap (AEDbn)	19.4
Stock Price (AED)	1.90
Fair Value (AED)	2.60
Upside (%)	36.8%
52W High (AED)	2.06
52W Low (AED)	1.75
3M ADTV (AEDmn)	NA
PE FY24e (x)	19.9x
PB FY24e (x)	4.7x

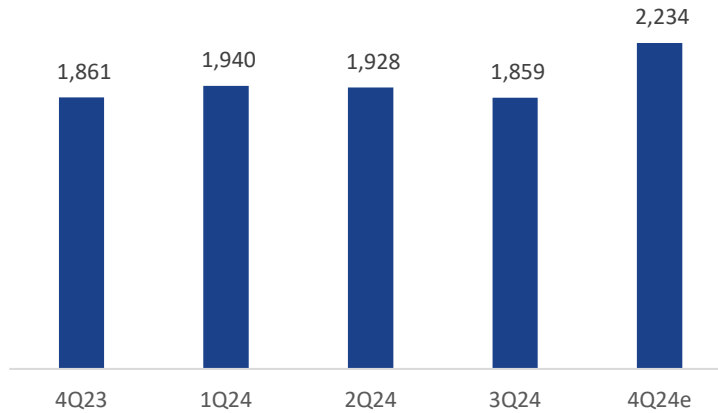


USDmn	4Q24e	YoY	QoQ	FY24e	FY25e	YoY
Revenue	2,234	20.0%	20.2%	7,961	8,622	8.3%
Cost of Revenue	(1,725)	23.6%	21.2%	(6,130)	(6,596)	7.6%
Gross Profit	509	9.3%	16.9%	1,831	2,026	10.7%
Ot. Operating Income	67	-15.0%	-11.0%	292	320	9.6%
Ot. Expenses	(381)	-5.4%	-11.5%	(1,643)	(1,768)	7.6%
EBITDA	271	24.5%	53.9%	839	967	15.3%
EBITDA Margin (%)	12.1%	0.4%	2.7%	10.5%	11.2%	0.7%
Net Finance Cost	(55)	85.9%	34.0%	(171)	(147)	-14.1%
Profit Before Tax	141	24.9%	251.1%	309	431	39.7%
Tax	(24)	186.0%	371.4%	(40)	(56)	39.7%
Profit for the Period**	117	12.0%	233.6%	269	375	39.7%

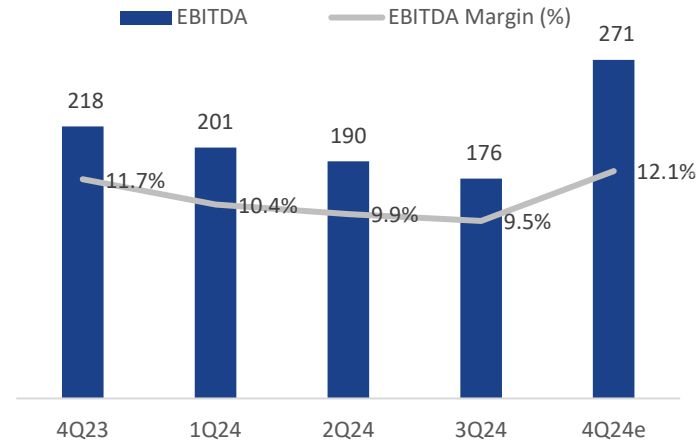
Source: Company data, IS Research. Chart data rebased to 100 as of 14th Nov 2024. *Excluding non-recurring items. ** pertaining to continuing operations



LuLu Revenue (USDmn)



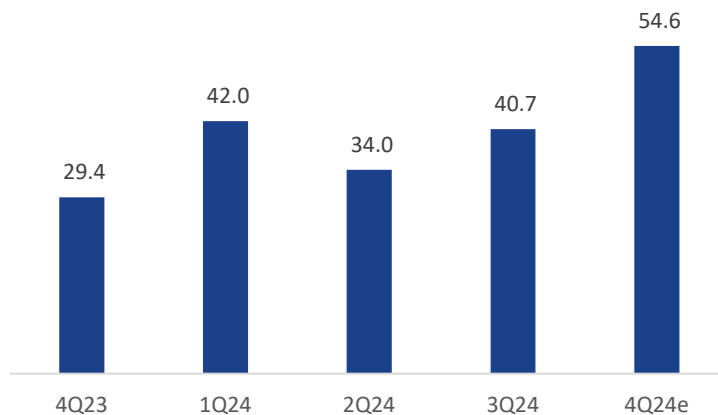
LuLu- EBITDA (USDmn) and EBITDA Margin



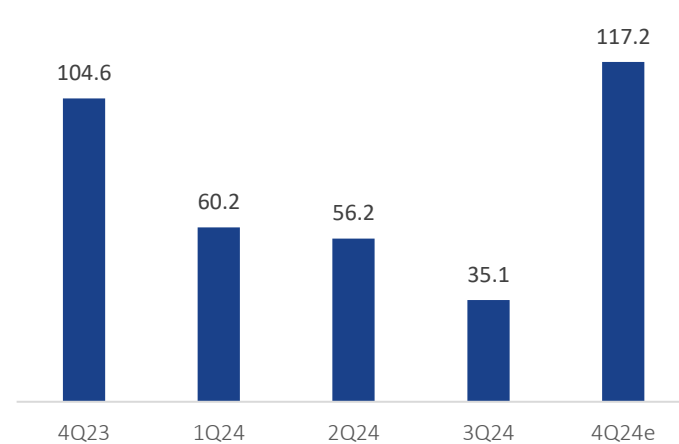
LuLu Net Profit Margin (%)



LuLu Finance Cost (USDmn)



LuLu – Shareholder's Profit (USDmn)

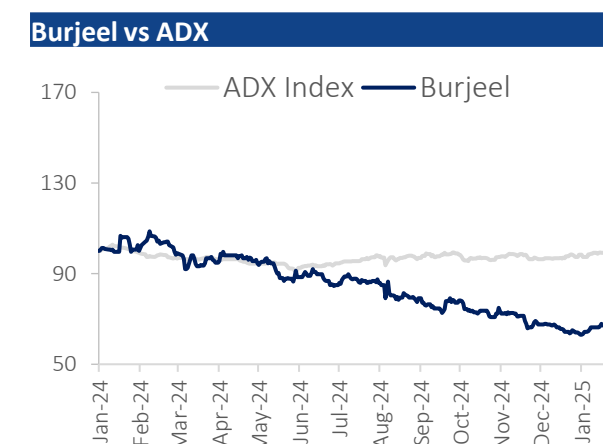


Source: Company Data, IS Research



- We expect Burjeel to report a 4Q24 revenue of AED1.4bn, +12.7%YoY and 4.1% QoQ. The revenue growth is expected to be supported by higher footfalls amid the group's effort to increase the asset utilization rate, however ARR's are expected to remain flat. In 9M24 the group reported an Inpatient and Outpatient utilization of 66% and 69% respectively which still provides significant headroom for growth
- For 4Q24 we expect Burjeel to report an EBITDA of AED318mn, +9.3% YoY. Moreover, we expect the operating profit to clock-in at AED195mn in 4Q24 up 1.3% YoY, and 8.0% QoQ.
- As the group is expanding, its new facilities are still in the ramp-up phase, which will keep the EBITDA margins in check. We expect the group to report an EBITDA margin of 23.1% in 4Q24 against 23.9% in 4Q23.
- Finance cost is expected to clock-in at AED31mn. As of 9M24 the group is further expected to payoff AED11mn in FY24. In FY25 the group is expected to payoff AED131mn. Group has a strong balance sheet with a Net debt to Pre IFRS-16 EBITDA of 1.2x as of Sep24.
- Burjeel has a growth story of with focus on high value super specialty Healthcare, young assets offer ample headroom for ramp-up in utilization. We believe that investment in the oncology segment and ramp-up of new assets can drive footfalls in the future. We have a Buy recommendation on the stock with a Fair Value of AED3.69/sh, providing a 79% upside from the current levels. The stock currently trades at an EV/EBITDA(x) of 12.2x and FY24e PE(x) of 21(x).

Ticker	Burjeel UH
Market Cap (AEDbn)	10.7
Stock Price (AED)	2.06
Fair Value (AED)	3.69
Upside (%)	79.1%
52W High (AED)	3.41
52W Low (AED)	1.96
3M ADTV (AEDmn)	7.6
PE FY24e (x)	21x
PB FY24e (x)	5.6x

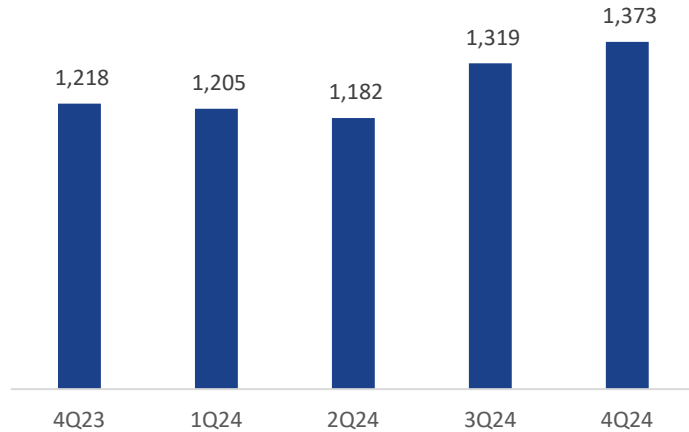


AED mn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	1,373	12.7%	4.1%	4,535	5,083	12.1%
Operating Profit	195	1.3%	8.0%	642	635	-1.0%
Operating Margin (%)	14.2%	-1.6%	0.5%	14.2%	12.5%	-1.6%
EBITDA	318	9.3%	16.1%	1,033	1,068	3.4%
EBITDA Margin (%)	23.1%	-0.7%	2.4%	22.8%	21.0%	-1.8%
Finance Cost	(31)	-17.4%	-12.7%	(141)	(135)	-4.5%
Shareholder's Profit	159	-8.7%	21.6%	516	452	-12.4%
Core Profit*	159	0.3%	21.6%	501	503	0.5%
Core EPS* (AED/sh)	0.03	-8.7%	21.6%	0.10	0.09	-12.4%
DPS (AED/sh)	-			0.03	-	

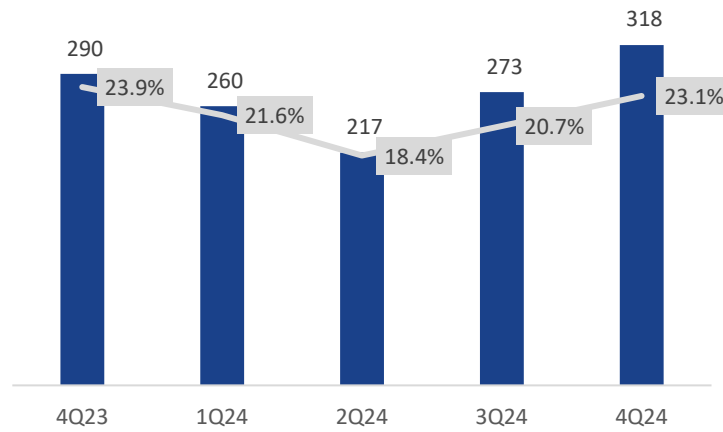
Source: Company data, IS Research. Chart data rebased to 100 as of 1st Jan 2024. *Excluding non-recurring items.



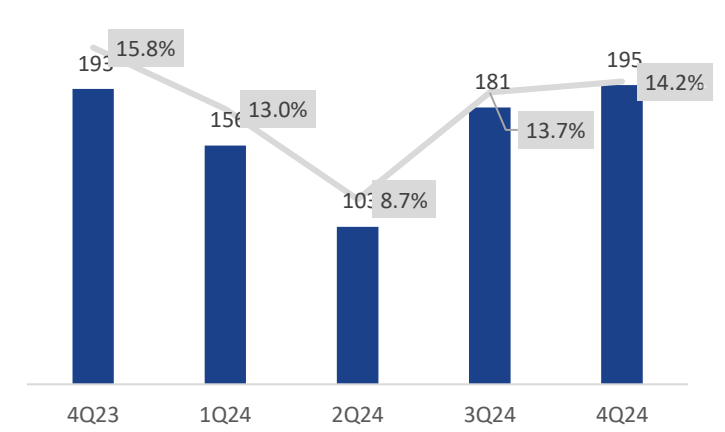
Burjeel Revenue



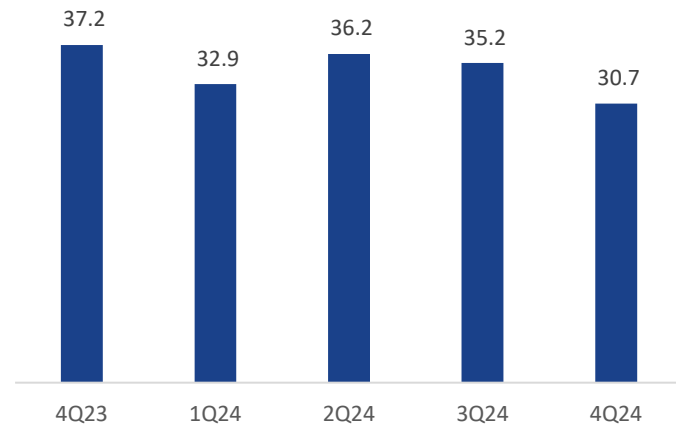
Burjeel - EBITDA and EBITDA Margin



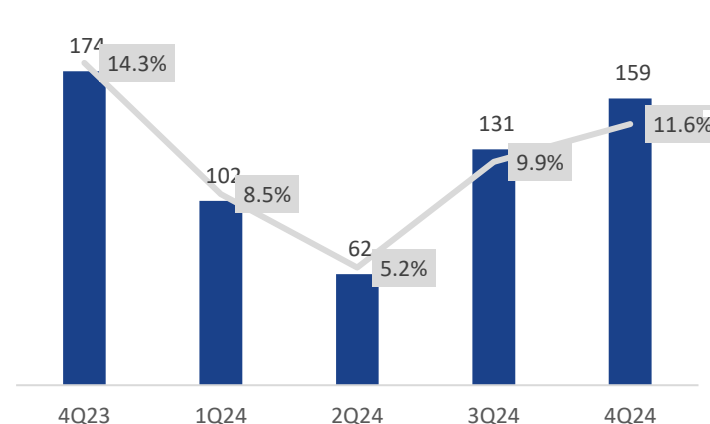
Burjeel Operating Profit and Margin



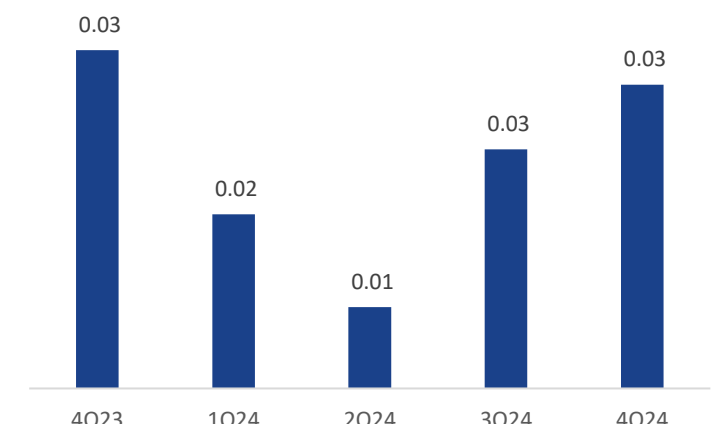
Burjeel Finance Cost (AEDmn)



Burjeel – Shareholder's Profit and Margin



Burjeel EPS (AED/sh)

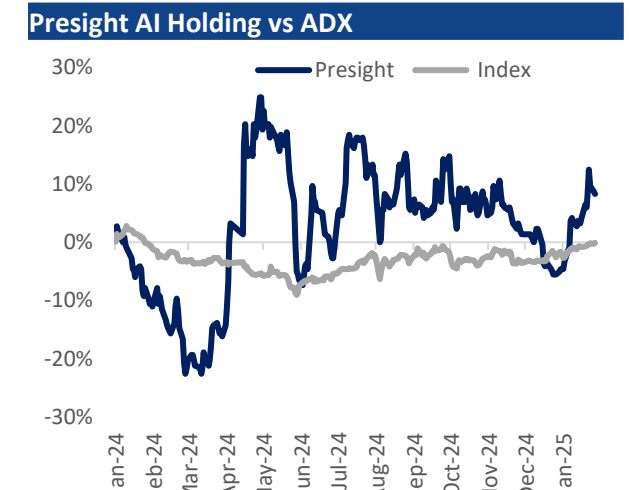


Source: Company Data, IS Research



- We expect Presight AI Holding to post 4Q24e shareholder's profit of AED284mn, down 20.3% YoY while up 6% QoQ. The decline in profitability on a YoY basis is attributable to the absence one-off OPEX reversals in 4Q23 and the implementation of corporate tax.
- We expect revenue uptick of around 50.7% YoY to AED1.1bn (+89.9% QoQ) on the back of revenue realization from multi-year contracts and growth triggered by the recent acquisition AIQ. Presight's 4Q remains the strongest as most of the revenue is booked in this quarter. Moreover, the backlog number which was reported at AED1.58bn in Sept'24 is expected to show significant growth thereby increasing visibility on future revenue potential.
- Gross profit is expected to grow by 43.6%YoY to AED392mn(+91.3% QoQ) driven by revenue growth while we expect the margins to sustain at 36%, close to 3Q24.
- Operating expenses are expected to grow on YoY basis due to absence one-off reversal in 4Q24. Moreover, uptick in headcount due to fresh hiring would also drive the operating expense up 90.6% for FY24.
- EBITDA is expected to witness a healthy growth of 11.7% due increased contribution from AIQ and high margins software solution to the mix.
- The stock looks attractive at 16.7x FY25e EV/EBITDA and 19.5x FY25e PE, steep discount to its Peers (25x and 40.8x).

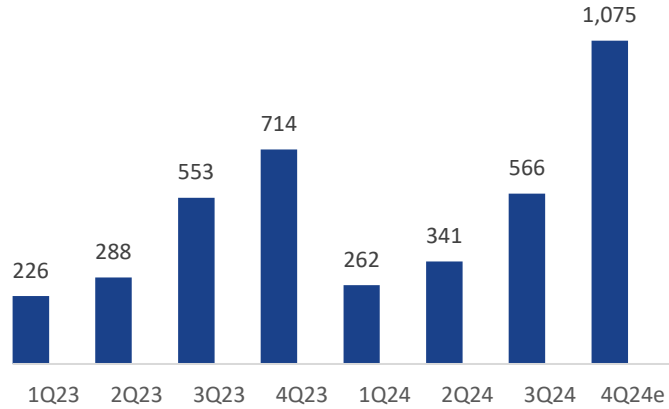
Ticker	PRESIGHT UH
Market Cap (AEDbn)	13.12
Stock Price (AED)	2.34
Fair Value (AED)	3.08
Upside (%)	31.4%
52W High (AED)	2.80
52W Low (AED)	1.65
3M ADTV (AED '000)	6,600
PE FY24e (x)	23.06
PB FY24e (x)	3.78
EV/EBITDA FY24e (x)	21.05



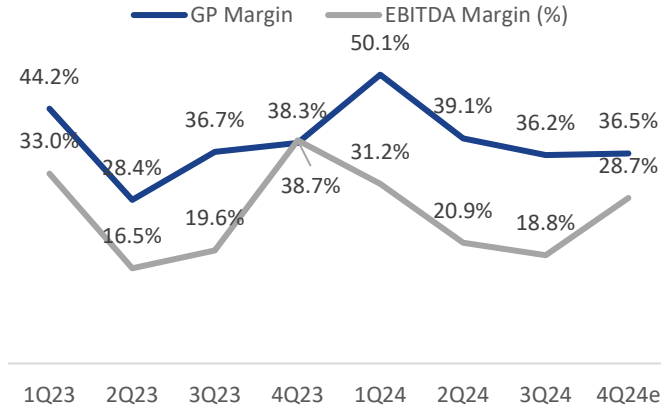
Presight - AED mn	4Q24e	YoY	QoQ	2023	2024	YoY
Revenue	1,075	50.7%	89.9%	1,781	2,245	26.1%
Direct Cost	-683	55.1%	89.1%	-1,123	-1,383	23.2%
Gross Profit	392	43.6%	91.3%	658	862	31.0%
G&A	-87	nm	-15.0%	-162	-309	90.6%
EBIT	306	12.1%	196.6%	496	553	11.5%
EBITDA	309	11.7%	190.4%	507	568	12.0%
EBITDA Margin	29%	-10.0%	9.9%	28%	25%	-3.2%
Net Finance Income/(Cost)	7	-75.6%	-59.6%	75	72	-3.2%
Taxes	-28	nm	nm	0	-56	nm
Net Profit	284	-5.4%	160.6%	571	569	-0.3%
Shareholder's Profit	239	-20.3%	147.0%	570	503	-11.8%
EPS (AED/sh.)	0.05	-5.4%	160.6%	0.10	0.10	-0.3%



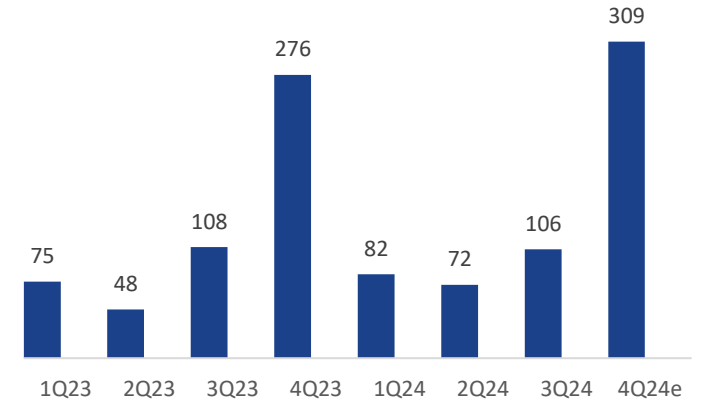
Revenue Trend with strong 4Q (AED Mn)



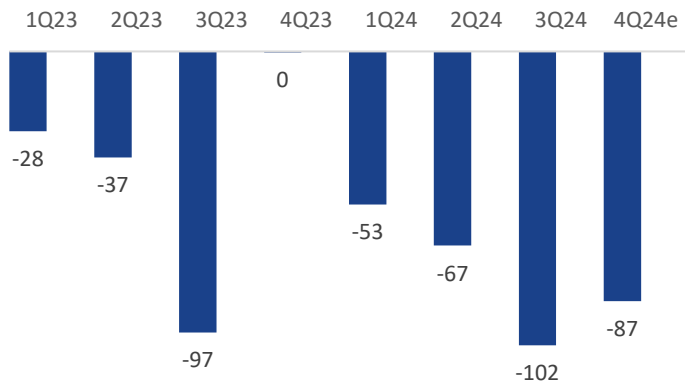
Profitability Margins (%)



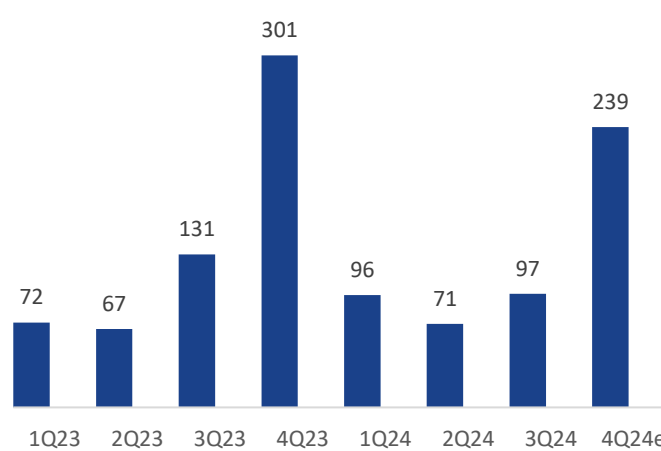
EBITDA (AED Mn)



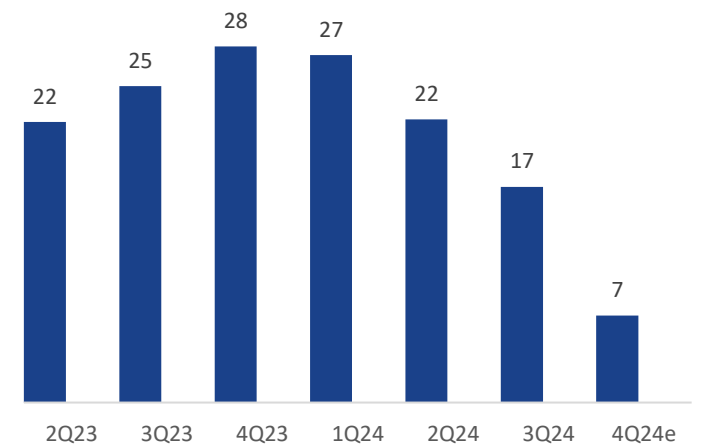
Operating Expenses (AED Mn)



Core shareholder's Profit



Net finance Income (AEDmn)

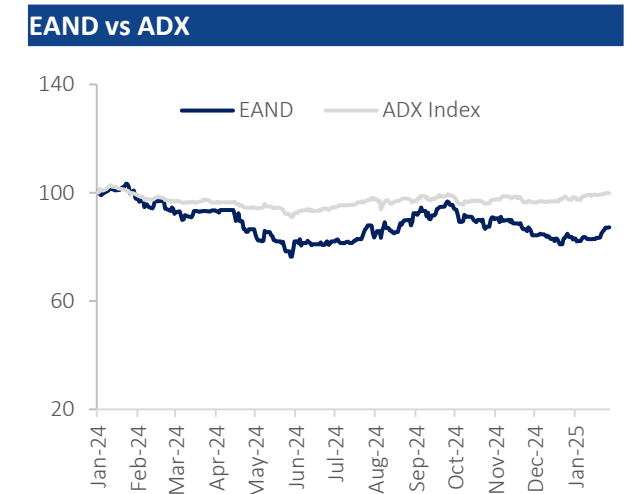


Source: Company Data, IS Research



- We expect EAND to report 4Q24e shareholder's profits of AED2.4bn (down; -6.5% YoY), and revenues of AED15.2bn (+10.7% YoY; -0.8% QoQ). We expect UAE business to continue to do well and foreign business to gradually recover. Net adds are expected to improve for both mobile and fixed-line business in 4Q24e.
- We expect blended mobile ARPU in the UAE to stay flat QoQ, and fixed-line ARPUs to witness a gradual improvement
- We expect 4Q24e EBIT of AED3.8bn, with an EBIT margin of 24.8%. And EBITDA of AED6.7bn (+3.4% YoY; +3.1% QoQ), with an EBITDA margin of 44.0%.
- Federal Royalty is expected to fall YoY to AED1.5bn, down -18% YoY and +15.5% QoQ. The new federal royalty structure is positive overall.
- E& is the market leader in the UAE and has a significant presence in other regional markets in the Middle East, Africa and Asia. The company has a robust balance sheet, a strong market position, and a first-mover advantage in the digital space with E& enterprise and E& life business verticals. The cumulative impact of the new Royalty structure is positive on the bottom line. We have a BUY recommendation on the company with a Fair Value of AED20.0/sh, Currently, stock offers an opportunity to accumulate , the stock trades at FY24e PE of 13.8x and 2.7x FY24e PB. For 2H24 the company is expected to announce a dividend of 41.5fils implying a FY24e dividend yield of 4.8%

Ticker	EAND UH
Market Cap (AEDbn)	151.0
Stock Price (AED)	17.4
Fair Value (AED)	20.0
Upside (%)	15%
52W High (AED)	19.80
52W Low (AED)	14.90
3M ADTV (AEDmn)	27
PE FY24e (x)	13.8x
PB FY24e (x)	2.7x
Div. Yield FY24e (%)	4.8%

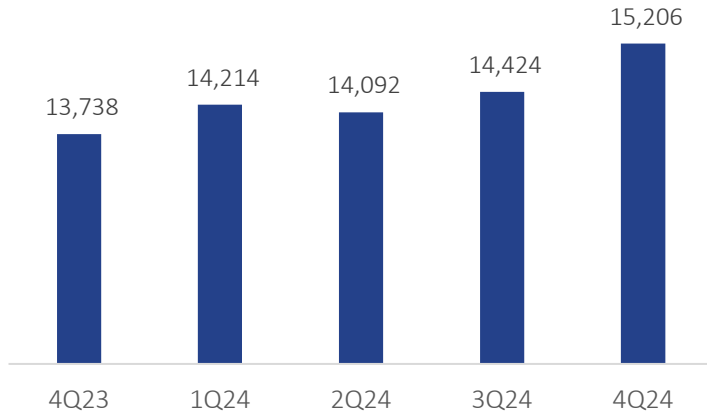


AEDmn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	15,206	10.7%	5.4%	53,752	57,936	7.8%
EBIT	3,776	41.3%	-1.5%	12,832	15,206	18.5%
EBIT margins	24.8%	5.4%	-1.7%	23.9%	26.2%	2.4%
EBITDA	6,690	3.4%	3.1%	26,117	26,127	0.0%
EBITDA margin	44.0%	-3.1%	-1.0%	48.6%	45.1%	-3.5%
Federal Royalty	(1,474)	-18.1%	15.5%	(6,329)	(5,499)	-13.1%
Taxes	(799)	69.5%	35.1%	(1,554)	(1,803)	16.0%
Shareholder Profit	2,446	-6.5%	-17.4%	10,305	10,903	5.8%
EPS (AED)	0.28	-6.5%	-17.4%	1.18	1.25	5.8%
Capex	2,486	1.3%	36.8%	7,287	7,743	6.2%

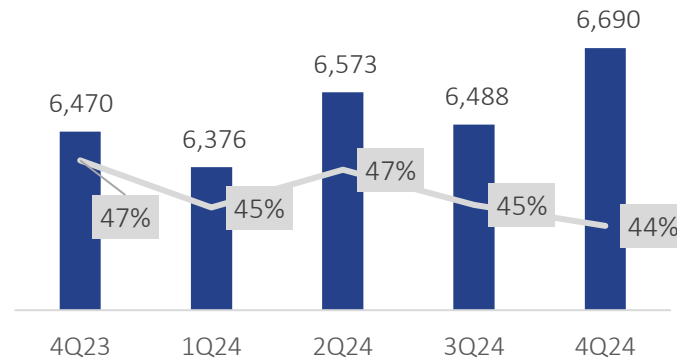
Source: Company Data, IS Research. Chart data rebased to 100 as of 1st Jan 2024



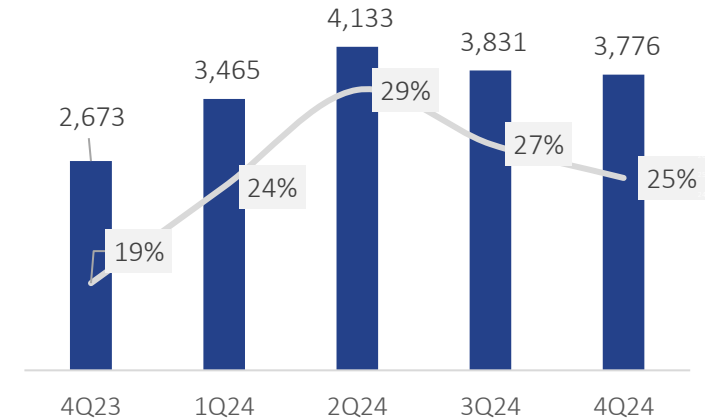
Revenue (AEDmn)



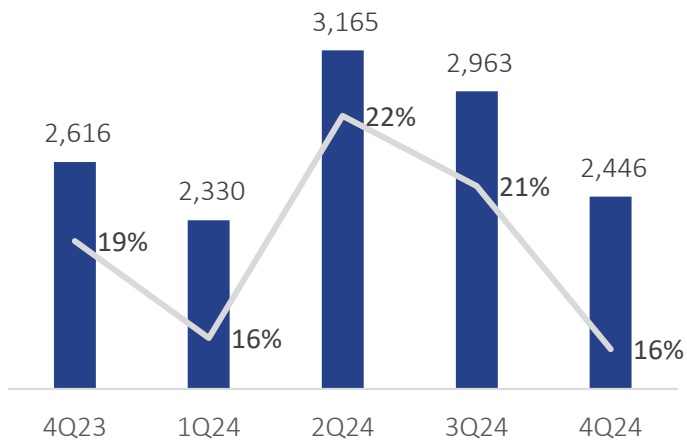
EBITDA and margins (AEDmn)



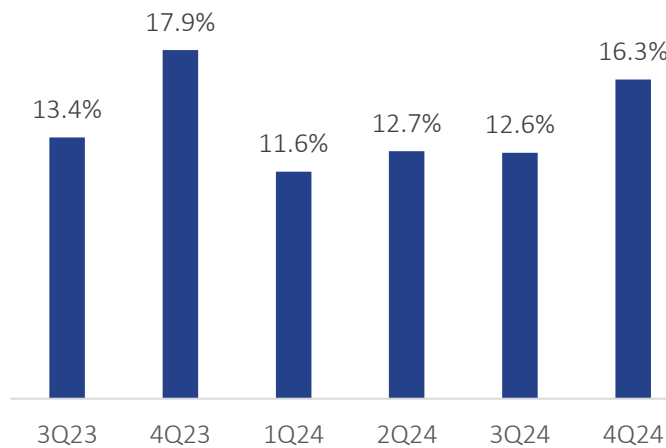
EBIT and margins (AEDmn)



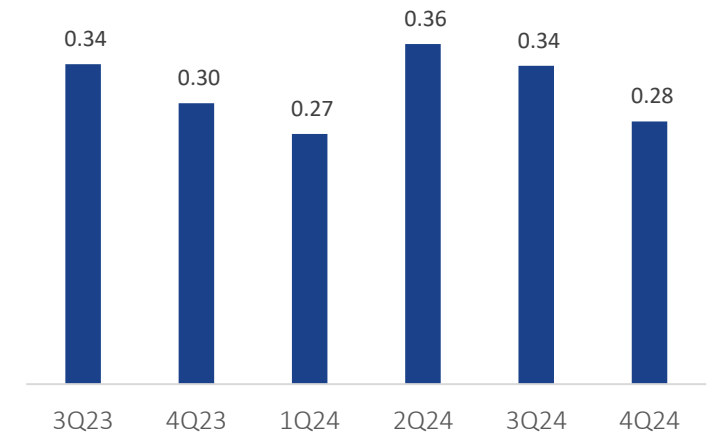
Net profit and margins (AEDmn)



Capex Intensity (%)



EPS (AED/sh)

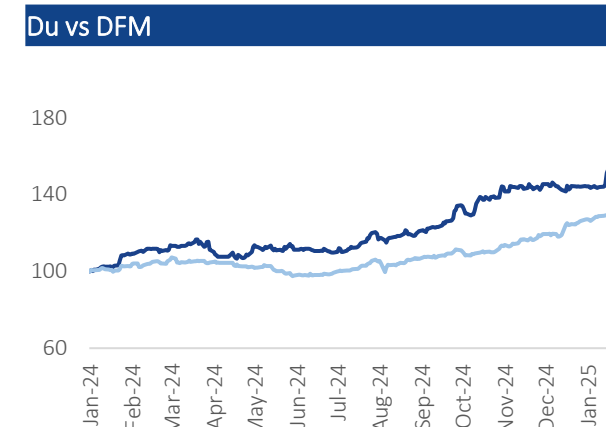


Source: Company Data, IS Research



- We expect Du to report 4Q24e profit of AED460mn (+16.1% YoY, % -36%QoQ) and revenue of AED 3.7bn (+3.4% YoY, +2.5% QoQ). We expect mobile subscribers to increase to 8.8mn by the end of 2024. Similarly, fixed-line segment is expected to see net adds in the quarter
- We expect blended mobile ARPUs to remain strong during the period. Fixed-line ARPU is also expected to stay flat sequentially
- We expect Du to report an EBIT of AED924mn (+3.5% YoY), with an EBIT margin of 25.1%, and an EBITDA of AED1.5bn (+5.3% YoY), with an EBITDA margin of 40.9%
- Federal Royalty is expected to come around AED399mn, down YoY, as the new Royalty and corporate tax formula gets implemented. We expect a corporate tax payment of AED45mn during the quarter. Capex intensity is expected to fall YoY to around 19.3% in 4Q24 against 21.3% in 4Q23. For 4Q24 we expect a total capex of AED710mn
- We like the stock given its pure exposure to the growing UAE market and its strong balance sheet with falling capex intensity. We think Du can positively surprise with higher dividends after margins have improved due to cost optimization and with new favorable royalty payment structure. Du trades at a 15.3x FY24e PE and FY24e EV/EBITDA(x) of 5.8(x). We expect Du to pay a dividend of AED46fils in FY24e. For 2H24 we expect the company to pay a dividend of AED26fils. We have a Hold recommendation on the stock with a FV target of AED8.06/sh.

Ticker	DU UH Equity
Market Cap (AEDbn)	35.8
Stock Price (AED)	7.90
Fair Value (AED)	8.06
52W High (AED)	8.05
52W Low (AED)	5.25
3M ADTV (AEDmn)	4.8
PE FY24e (x)	15.3x
PB FY24e (x)	3.7x
Div. Yield FY24e (%)	5.8%

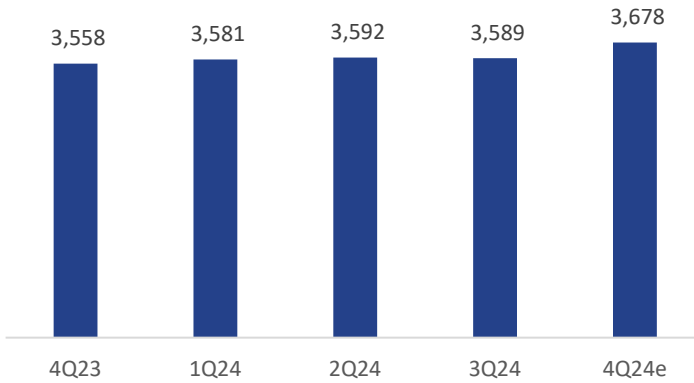


AEDmn	4Q24e	YoY	QoQ	FY23	FY24e	YoY
Revenue	3,678	3.4%	2.5%	13,636	14,441	5.9%
Operating Exp.	(2,729)	4.3%	17.1%	(9,793)	(10,005)	2.2%
EBIT	924	3.5%	-22.4%	3,601	4,219	17.1%
EBIT margins	25.1%	0.0%	-8.1%	26.4%	29.2%	2.8%
EBITDA	1,506	5.3%	-13.2%	5,800	6,397	10.3%
EBITDA margin	40.9%	0.7%	-7.4%	42.5%	44.3%	1.8%
Federal Royalty	(399)	-19.4%	1.3%	(1,891)	(1,592)	-15.8%
Tax	(45)	NA	-36.8%		(234)	NA
Profit for the Period	460	16.1%	-36.0%	1,668	2,363	41.7%
EPS (fils)	10	16.1%	-36.0%	37	52	41.7%
DPS (fils)	26	23.8%	NA	34	46	35.0%
Capex	710	-6.5%	38.9%	2,198	2,022	-8.0%
Capex Intensity	19.3%	-2.0%	5.1%	16.1%	14.0%	-2.1%

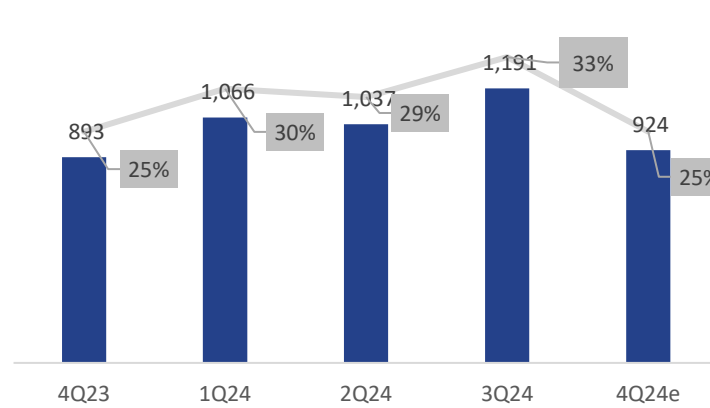
Source: Company Data, IS Research. Chart data rebased to 100 as of 1st Jan 2024



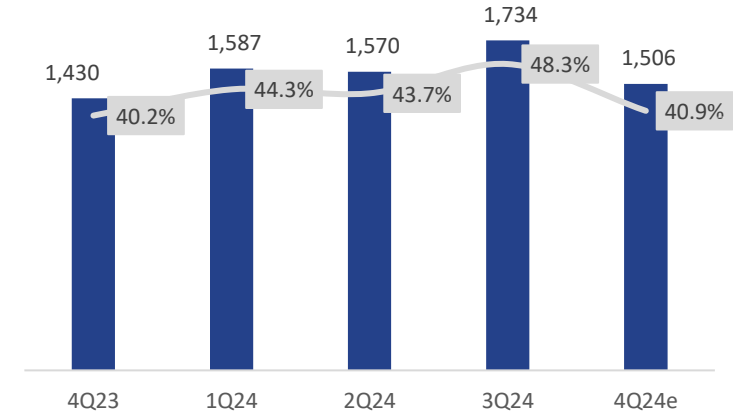
Revenue (AEDmn)



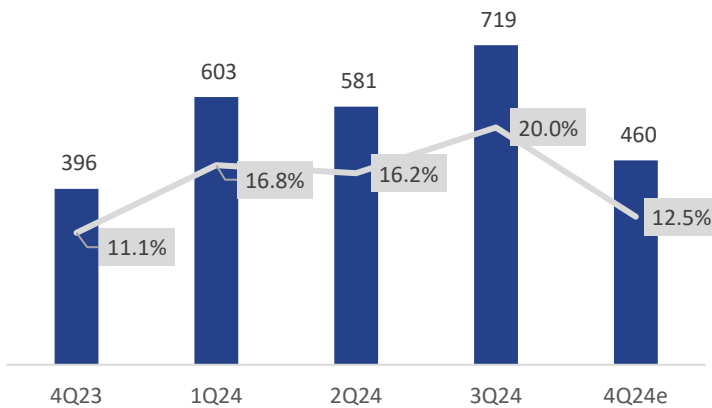
EBIT and margins (AEDmn)



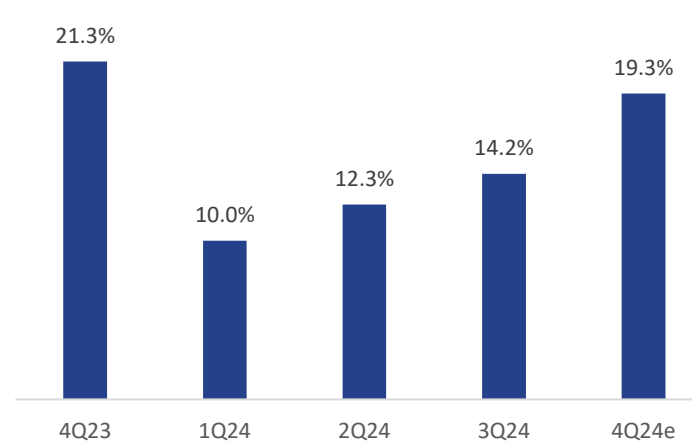
EBITDA and margins (AEDmn)



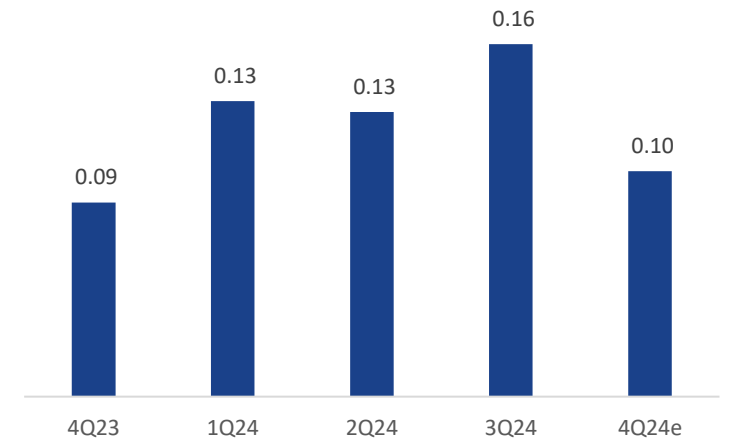
Net profit and margins (AEDmn)



Capex Intensity



EPS (AED/share)



Source: Company Data, IS Research

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