


أمانات  
AMANAT  
HEALTHCARE & EDUCATION

# RESULTS PRESENTATION

9M-2019



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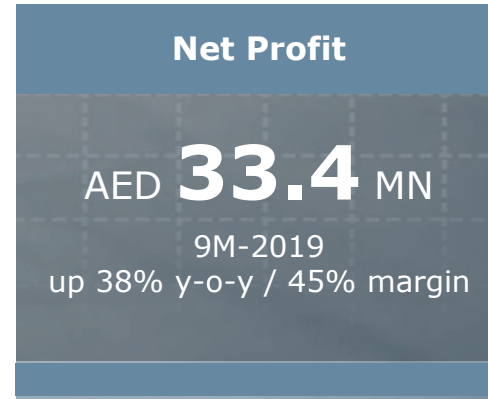
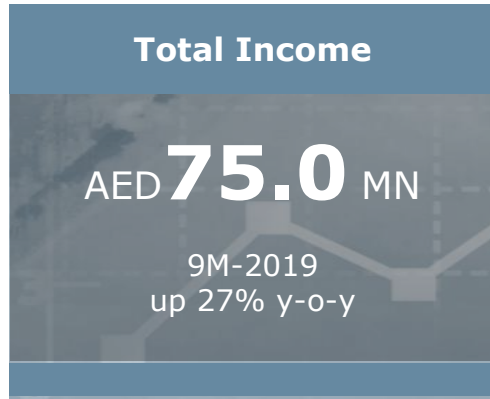
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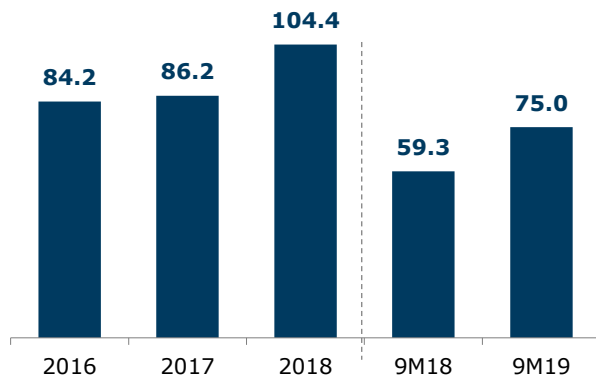
# Financial Review 9M-2019



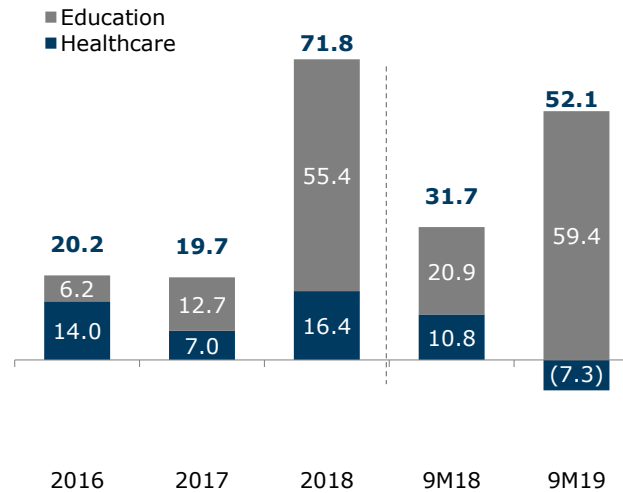
# Performance Highlights 9M-2019



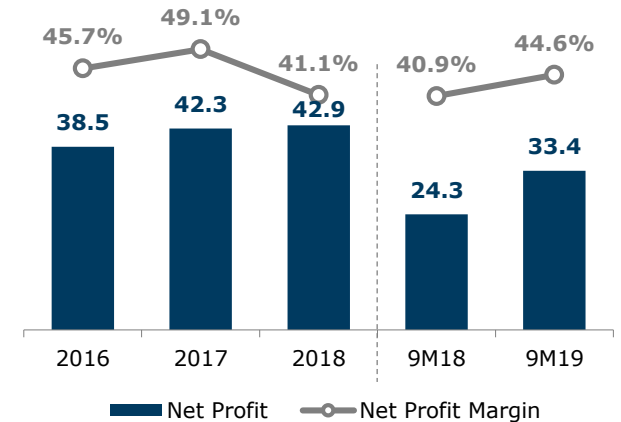
Total Income | AED MN



Income from Investments<sup>(1)</sup> | AED MN



Net Profit | AED MN



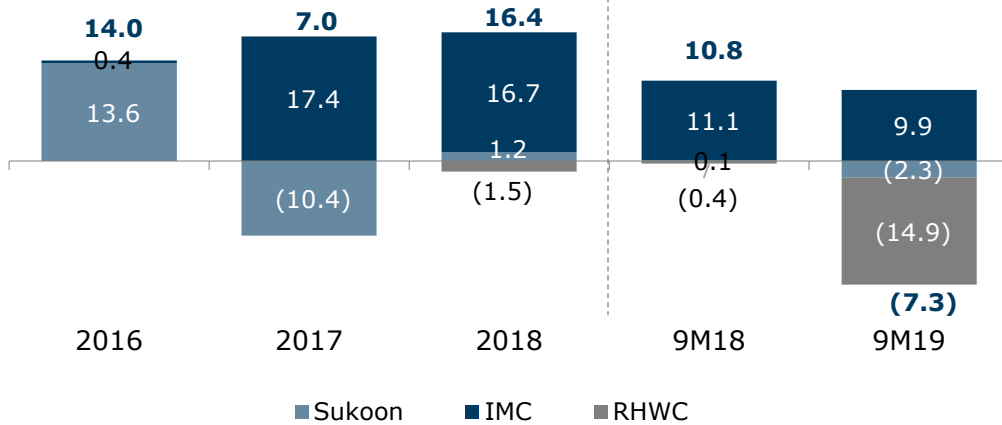
(1) Includes share of results from associates (Sukoon, Taleem, International Medical Center and Abu Dhabi University Holding Company), share of net income from subsidiaries (Middlesex University Dubai and Royal Hospital for Women & Children) and Finance Lease income generated from the real estate assets of North London Collegiate School Dubai less PPA costs.

(2) Amanat Holdings.

# Income from Investments 9M-2019

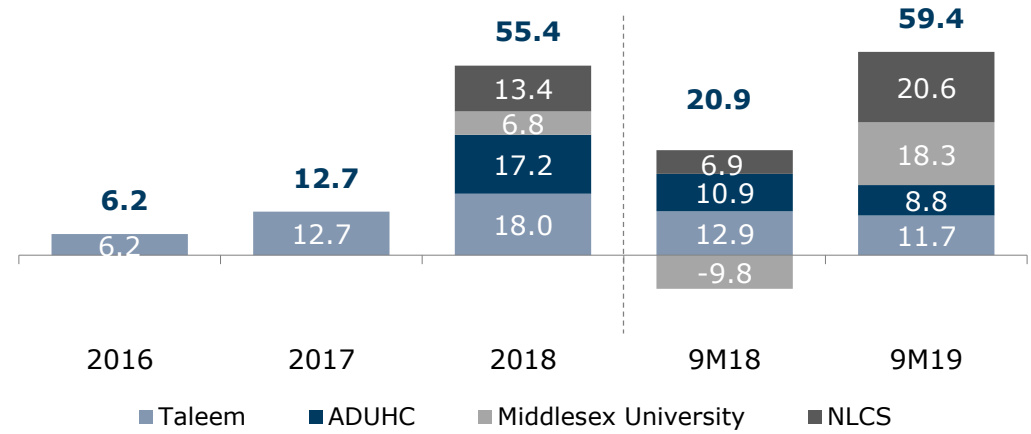
## Healthcare Platform

Income from Investments Build-Up 9M19 | AED MN

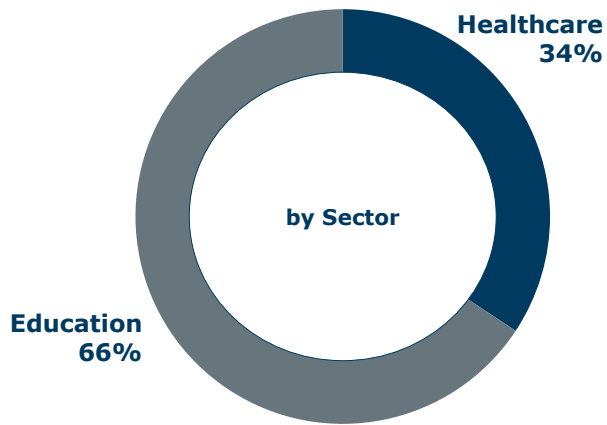


## Education Platform

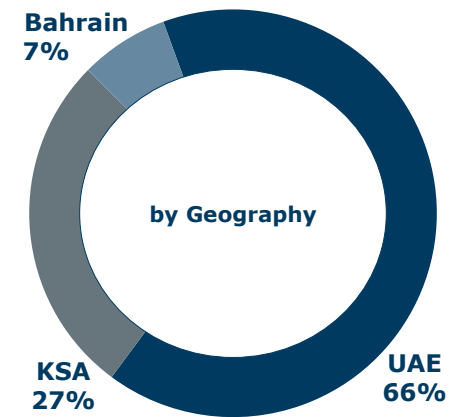
Income from Investments Build-Up 9M19 | AED MN



## Investments Breakdown



AED **2.0** bn Total Deployed



# Summary Consolidated Income Statement

AED' 000	9M-2018	9M-2019	Change	Key Highlights
<b>Subsidiaries Revenue</b>	-	<b>89,370</b>		<ul style="list-style-type: none"> <li>Subsidiaries comprise Middlesex University Dubai and the Royal Hospital for Women and Children, both of which were acquired at the end of August 2018</li> </ul>
Direct Costs	-	(33,109)		
<b>Subsidiaries Gross Profit</b>	-	<b>56,261</b>		<ul style="list-style-type: none"> <li>Share of Associates Results include IMC, Sukoon, Taaleem and ADUHC while Finance Lease Income represents the real estate assets of NCLS</li> </ul>
Subsidiary-related Employee Expenses	(5,870)	(18,066)		
Other Subsidiaries Income	2,755	11,623		
Other Subsidiaries Expenses	(7,199)	(50,552)		
Subsidiaries Interest Expense	-	(1,802)		<ul style="list-style-type: none"> <li>Interest income, down 53% y-o-y on account of lower cash balances following the deployment of AED 1.2 billion in investments (ADU, NLCS, MDX and RHWC) during 2018 as well as lower interest rates in 2019</li> </ul>
<b>Subsidiaries Net Profit</b>	(10,314)	(2,536)		
<i>Non controlling Interest</i>	155	5,989		<ul style="list-style-type: none"> <li>Total income in 9M-2019 was AED 75.0 million, which includes income from investments, other operating income of AED 10.9 million, as well as finance income of AED 12.0 million</li> </ul>
<b>Amanat Share of Subsidiaries' Net Income</b>	<b>(10,159)</b>	<b>3,453</b>		
<b>Share of Associates Results</b>	<b>37,147</b>	<b>29,993</b>	-19%	
<i>Non-Controlling Interest</i>	(2,164)	(1,952)		<ul style="list-style-type: none"> <li>The increase in Amanat-related staff costs and G&amp;A was due to an accounting treatment adjustment for staff &amp; Board remuneration that are being accrued monthly since the start of 2019 versus at year end in FY 2018</li> </ul>
<b>Share of Associates Results Attributable to Equity Holders</b>	<b>34,984</b>	<b>28,042</b>	-20%	
<b>Finance Lease Income</b>	<b>6,879</b>	<b>20,636</b>	200%	<ul style="list-style-type: none"> <li>Net profit margin was 44.6% during the period, up from 40.9% in 9M-2018 as OPEX declined as a percentage of total income from 59.1% in 9M-2018 to 55.4% in the current period</li> </ul>
<b>Interest Income</b>	<b>25,707</b>	<b>12,018</b>	-53%	
<b>Other Income</b>	<b>1,898</b>	<b>10,891</b>	474%	
<b>Total Income</b>	<b>59,309</b>	<b>75,039</b>	<b>27%</b>	
Amanat-related Employee Expenses	(19,688)	(24,330)		
Amanat-related General and Admin. Expenses	(11,211)	(12,849)		
Projects Expenses	(4,124)	(4,427)		
<b>Net Profit / (Loss) for the Period</b>	<b>24,286</b>	<b>33,433</b>	<b>38%</b>	
<i>Net Profit Margin</i>	40.9%	44.6%	3.7 pts	

# Summary Consolidated Balance Sheet

AED' 000	31 Dec 2018	30 Sep 2019
Property & Equipment	133,207	134,075
Goodwill	492,082	492,082
Investments in Associates	1,171,029	1,187,634
Other Non-Current Assets	349,805	398,443
<b>Total Non-Current Assets</b>	<b>2,146,123</b>	<b>2,212,234</b>
Cash and Cash Balances	596,137	572,264
Other Current Assets	64,334	34,814
<b>Total Current Assets</b>	<b>660,471</b>	<b>607,078</b>
<b>Total Assets</b>	<b>2,806,594</b>	<b>2,819,312</b>
Share Capital	2,500,000	2,500,000
Reserves	7,667	4,226
Retained Earnings	38,635	36,689
Non-controlling Interests	30,244	25,437
<b>Total Equity</b>	<b>2,576,546</b>	<b>2,566,352</b>
Bank Financing – Long Term	37,012	45,824
Other Long-Term Payables	65,860	61,944
Other Long-Term Liabilities	7,685	30,467
<b>Total Non-Current Liabilities</b>	<b>110,557</b>	<b>138,235</b>
Trade & Other Payables	45,469	53,331
Financial Liability at Fair Value through Profit or Loss	48,000	41,500
Other Current Liabilities	26,022	19,894
<b>Total Current Liabilities</b>	<b>119,491</b>	<b>114,725</b>
<b>Total Liabilities</b>	<b>230,048</b>	<b>252,960</b>
<b>Total Liabilities &amp; Equity</b>	<b>2,806,594</b>	<b>2,819,312</b>

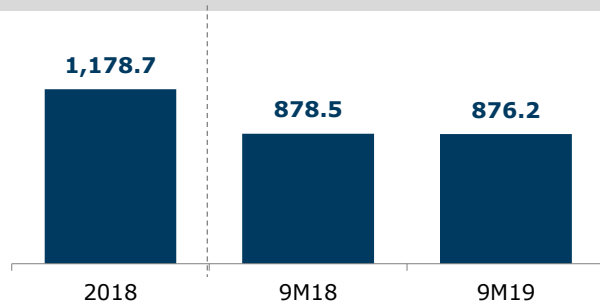
## Key Highlights

- Property, plant and equipment largely reflects the assets of RHWC
- Goodwill of AED 492 million is related to the acquisitions of MDX & RHWC
- Investments in associates (Sukoon, Taleem, IMC & ADUHC) came in at 1,187 million as at 30 September 2019 compared to 1,171 million as at 31 Dec. 2019. The growth represents the share of profits from associates
- Total cash and bank balances stood at AED 572.3 million as at 30 September 2019, down from AED 596.1 million at year-end 2018 and representing 20% of Amanat's total assets
- Cash balances held at Amanat Holding as at 30 September 2019 stood at AED 536.5, ready to be deployed on new investment opportunities
- Total assets as at 30 September 2019 reached 2.82 billion and Total investments to capital stood at 80% as at 30 September 2019

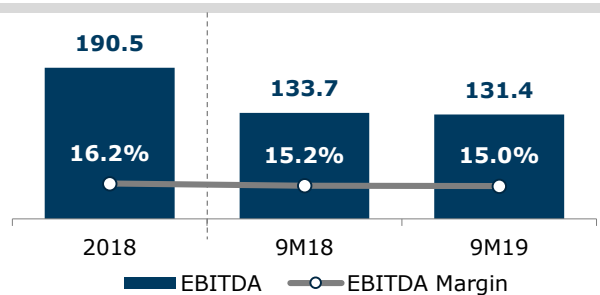
# Healthcare Platform | IMC

## Financial and Operational Review

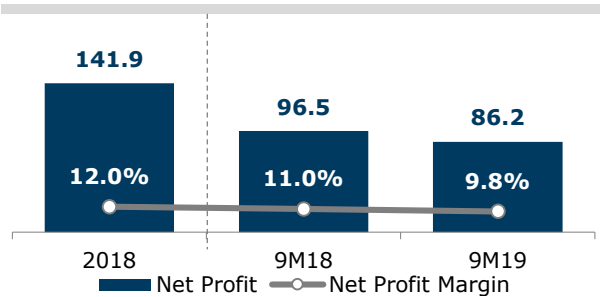
### Revenue | SAR MN



### EBITDA | SAR MN



### Net Profit | SAR MN



### Financial Performance

- IMC recorded revenues of SAR 876.2 million in 9M-2019, remaining largely flat compared to the SAR 878.5 million posted in 9M-2018
- The slight decrease in net profit was due to a delay in the expansion plan which resulted in increasing costs with flattish revenues, currently being addressed through bolt-on acquisitions, the tower expansion, and operational efficiency

### Action Plan

✓ Completed Initiative

⊕ Ongoing Initiative



#### Corporate Strategy

- ✓ Completed bolt-on acquisition of a medical complex located in North Jeddah in July 2019
- ✓ Approved tower expansion for existing facility to result in 50% additional capacity
- ✓ Formulated 5-year growth strategy
- ⊕ Implementing cost productivity initiatives



#### Corporate Finance

- ⊕ Evaluating optimal capital structure and funding options for expansion plans
- ⊕ Undergoing an internal IPO readiness exercise in preparation for a potential future listing



#### Corporate Governance

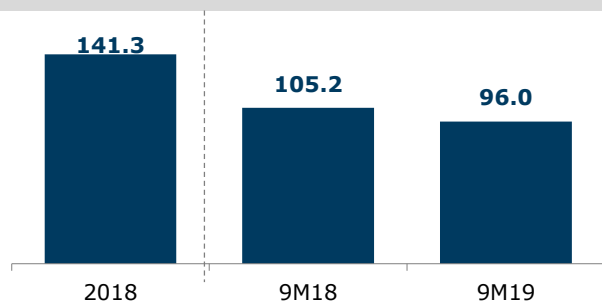
- ✓ Completed the implementation of ERP system with full IFRS compliance and undergoing the upgrade of the HIS systems
- ⊕ Evaluating the current organizational structure and subsequent human capital requirements



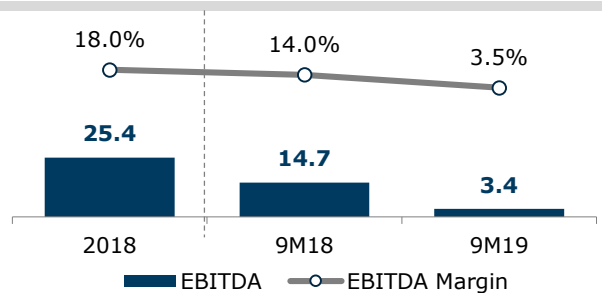
# Healthcare Platform | Sukoon

## Financial and Operational Review

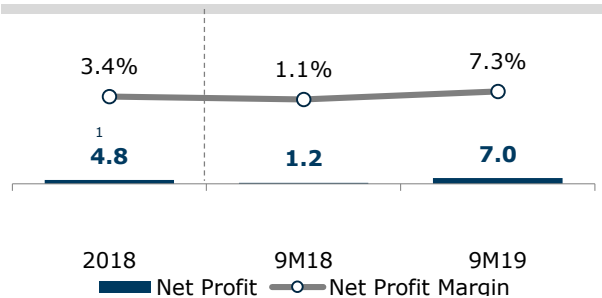
### Revenue | SAR MN



### EBITDA | SAR MN



### Net Profit | SAR MN






### Financial Performance

- Sukoon reported a total revenue of SAR 96.0 million in 9M-2019, a 8.7% y-o-y decline on account of lower reimbursement prices as well as lower patient volumes and referrals from the Saudi Arabian Ministry of Health (MoH)
- Downward pressure on top-line affected the company's profitability, with Sukoon incurring a net loss of SAR 7.0 million in 9M-2019 versus a profit of SAR 1.2 million in the comparable period last year

### Action Plan

✓ Completed Initiative

⊕ Ongoing Initiative

 <p><b>Corporate Strategy</b></p>	<ul style="list-style-type: none"> <li>✓ Defined turnaround strategy &amp; identified new revenue streams</li> <li>✓ Initiated cost-saving plan and projected yearly savings</li> <li>✓ Completed facility redesign and renovation is underway to improve patient flow and increase capacity</li> <li>⊕ Diversifying client base away from the concentration of the Ministry of Health</li> </ul>
 <p><b>Corporate Finance</b></p>	<ul style="list-style-type: none"> <li>⊕ Optimizing the company's capital structure and utilization of excess cash</li> <li>⊕ Improving recoverability of receivables</li> </ul>
 <p><b>Corporate Governance</b></p>	<ul style="list-style-type: none"> <li>⊕ Maintaining CBAHI and JCI accreditation</li> <li>⊕ Enhancing controls through the development board committee charters, establishment of an Internal Audit function and improving current policies and procedures</li> <li>⊕ Upgrading management capabilities</li> </ul>

# Healthcare Platform | RHWC

## Financial and Operational Review

BHD **0.2** MN

Revenues  
9M19

BHD **2.0** MN

Net Loss  
9M19

### Financial Performance

- RHWC recorded revenues of BHD 0.2 million in 9M-2019, driven primarily by obstetrics, gynecology and general pediatric services
- Currently in ramp-up phase, RHWC incurred a BHD 2.0 million net loss in 9M-2019, driven in part by pre-operating expenses in 1H 2019
- Clinical team recruiting complete to enable all services to be live before the end of the year. Additional recruiting ongoing to support continued ramp-up of services

### Action Plan

✓ Completed Initiative

⊕ Ongoing Initiative



#### Corporate Strategy

- ✓ Commercial terms agreed with several insurance companies with a total c.50% market share; discussions ongoing with additional insurance companies
- ⊕ Implement revenue share remuneration structures to attract top physicians and drive patient volume
- ⊕ Expand referral networks with facilities in Bahrain and Eastern Province of KSA
- ⊕ Evaluate expansion on available land bank to further expand Pediatrics services and introduce new specialties
- ⊕ Explore inorganic growth opportunities across the region



#### Corporate Finance

- ✓ Completed funding requirements to fund operations and growth capex which were envisaged at the time of the initial investment



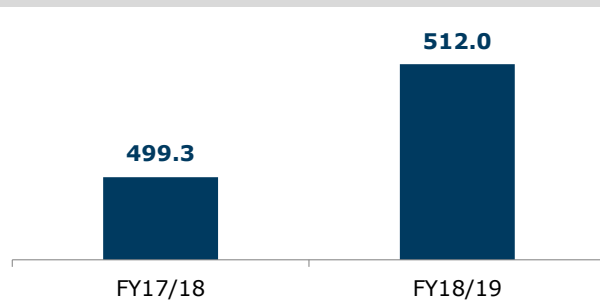
#### Corporate Governance

- ✓ Implemented strong governance frameworks driven by the Board and Steering Committee
- ✓ Defined operational and financial KPIs along with the required IT capabilities (via HIS and ERP systems) to enable ongoing monitoring and reporting of hospital performance
- ✓ Defined authority matrix and circulated to all department heads
- ✓ Implemented policies to ensure appropriate governance
- ✓ Agreed KPIs for the operator and linked to the operator's variable compensation

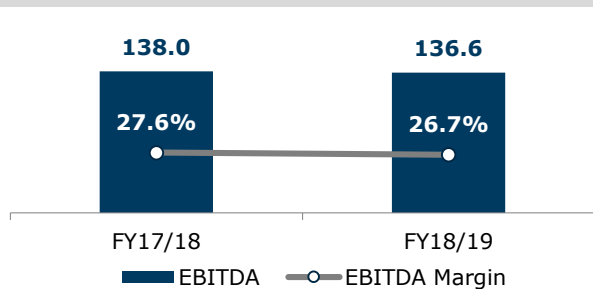
# Education Platform | Taaleem

Financial and Operational Review | Company Fiscal Year Ended 31<sup>st</sup> of August

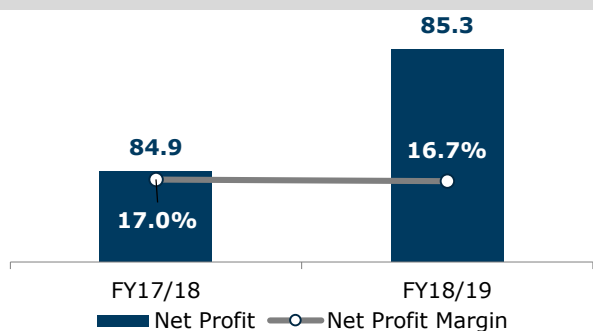
## Revenue | AED MN



## EBITDA | AED MN



## Net Profit | AED MN






## Financial Performance

- Taaleem reported a total revenue of AED 512.0 million in FY18/19, up 2.5% y-o-y on account of higher enrolments and slight improvement in average revenues per student
- Taaleem generated a healthy EBITDA margin of 26.7% in FY18/19 despite a Dubai-wide tuition fee freeze in 2019

## Action Plan

✓ Completed Initiative

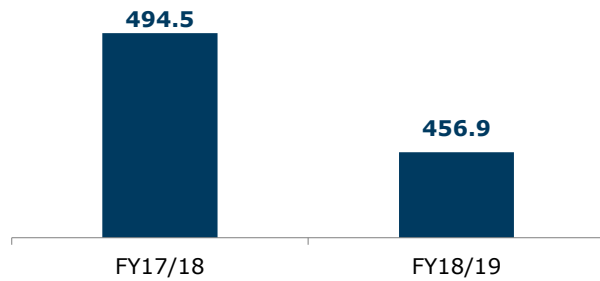
⊕ Ongoing Initiative

 <p><b>Corporate Strategy</b></p>	<ul style="list-style-type: none"> <li>✓ Developed expansion strategy (organic/in-organic)</li> <li>✓ Approved launch of new school in Abu Dhabi (Al Raha 2)</li> <li>⊕ Assessing potential acquisitions</li> <li>⊕ Executing efficiency &amp; cost management initiatives</li> <li>⊕ Implementing initiatives to accelerate enrolments growth (strategic sales, centralized marketing etc.)</li> </ul>
 <p><b>Corporate Finance</b></p>	<ul style="list-style-type: none"> <li>⊕ Evaluating and formulating optimal capital structure to fund growth initiatives, including avenues for leveraging Taaleem's strong balance sheet</li> <li>⊕ Exploring the potential path towards listing the company at the right time</li> </ul>
 <p><b>Corporate Governance</b></p>	<ul style="list-style-type: none"> <li>✓ Hired a new CEO</li> <li>⊕ Optimizing the current organization structure to ensure the delivery of the business strategy</li> <li>⊕ Developing Enterprise Resource Planning (ERP) systems to enhance reporting and data flow and thus better management of risks and improved scalability</li> </ul>

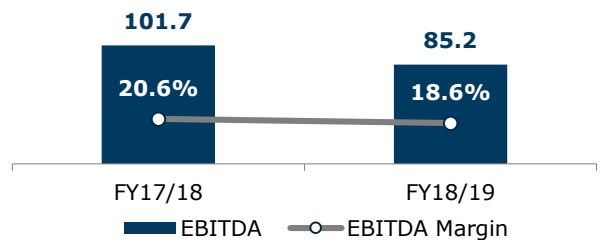
# Education Platform | ADUHC

Financial and Operational Review | Company Fiscal Year Ended 31<sup>st</sup> of August

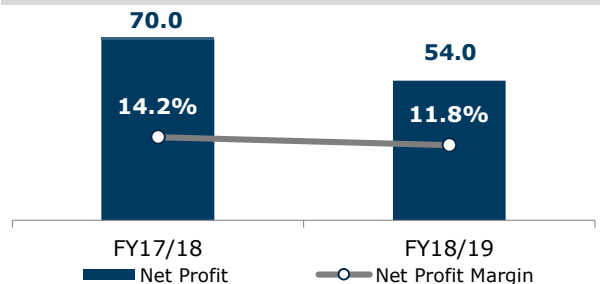
## Revenue | AED MN



## EBITDA | AED MN



## Net Profit <sup>1</sup> | AED MN



(1) FY 17/18 earnings exclude a AED 16.4 million gain on sale of asset




## Financial Performance

- Revenue from ADUHC was AED 494.5 million in FY18/19, down 7.6% y-o-y, mainly due to lower revenue from corporate training, military contracts and lower credit hours per student
- EBITDA declined by 16.2% due to lower revenues and a lag in cost reduction tied to the ongoing initiatives to optimize the cost structure

## Action Plan

✓ Completed Initiative

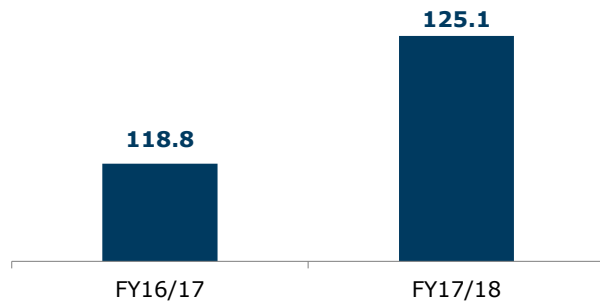
⊕ Ongoing Initiative

 <p><b>Corporate Strategy</b></p>	<ul style="list-style-type: none"> <li>✓ Introduced new programs/courses</li> <li>⊕ Expanding agent network to increase international students</li> <li>⊕ Screening suitable acquisition targets in new geographies</li> <li>⊕ Executing cost optimization initiatives</li> <li>⊕ Launching a new Campus in Al Ain in 2021</li> <li>⊕ Exploring agreements with institutions to offer tailor-made courses</li> </ul>
 <p><b>Corporate Finance</b></p>	<ul style="list-style-type: none"> <li>✓ Secured funding for Al Ain Campus</li> <li>⊕ Evaluating optimal capital structure to fund growth initiatives</li> </ul>
 <p><b>Corporate Governance</b></p>	<ul style="list-style-type: none"> <li>⊕ Optimizing organizational structure and human capital</li> <li>⊕ Focusing on obtaining further academic excellence and recognition</li> </ul>

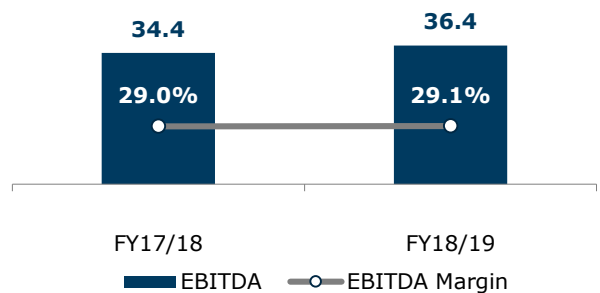
# Education Platform | Middlesex

Financial and Operational Review | Company Fiscal Year Ended 31<sup>st</sup> of August

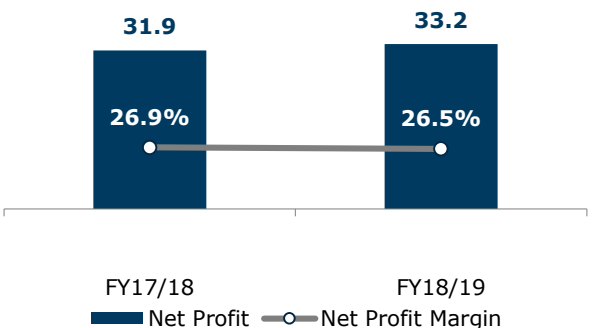
## Revenue | AED MN



## EBITDA | AED MN



## Net Profit | AED MN



## Financial Performance

- FY18/19 enrolments grew 9.5% y-o-y
- EBITDA growth of 5.8% from 34.4 million to 36.4 million
- Net profit for the period was AED 33.2 million in FY18/19, up by 4.1% y-o-y
- FY18/19 EBITDA margin expansion vs. FY17/18 was driven by increased enrolments and cost reduction initiatives implemented since acquisition

	✓ Completed Initiative	⊕ Ongoing Initiative
 <b>Corporate Strategy</b>	<ul style="list-style-type: none"> <li>✓ Finalized lease agreement for 20% increase in teaching space to accommodate student growth and introduction of new programs</li> <li>✓ Introduced 9 new programs in Sep 2019</li> <li>✓ Developed, enhanced and tailored international student admissions and marketing plan</li> </ul>	<ul style="list-style-type: none"> <li>⊕ Continuing assessment for international expansion, including discussions with potential partners in Egypt and other markets</li> </ul>
 <b>Corporate Finance</b>		<ul style="list-style-type: none"> <li>⊕ Optimizing capital structure to fund growth initiatives</li> <li>⊕ Implementing dividend payout targets</li> </ul>
 <b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>✓ Completed review and audit of the financial policies and procedures</li> </ul>	<ul style="list-style-type: none"> <li>⊕ Establishing governance structure through Board and Committees</li> <li>⊕ Initiating a risk assessment of all functions within the organization to develop a 3 year audit plan</li> <li>⊕ Implementing long-term management incentive structure and corresponding KPIs</li> </ul>



Amanat Holdings 2019