

Amanat Holdings PJSC Announces 9M-2021 Results

09 November 2021 | Dubai | Amanat Holdings PJSC (“Amanat” or the “Company”), the GCC’s largest healthcare and education investment company, reports record profitability across its 9M-2021 financial results. Amanat’s strong delivery of previously announced strategic priorities in the nine-month period of 2021 has delivered record total income of AED 305.3 million, a significant increase from the AED 27.2 million in 9M-2020. Income generated by Amanat’s platforms posted a more than sixfold year-on-year increase to AED 81.5 million in 9M-2021 versus AED 12.6 million this time last year. Strong total income growth supported a turnaround in Amanat’s bottom-line, with the Company reporting a net profit of AED 273.8 million in 9M-2021, versus an AED 11.9 million net loss reported in the comparable period of 2020.

The Company’s bottom-line was further boosted by the successful divestment of its minority stakes in Taaleem Holdings and International Medical Center KSA, completed in April 2021 and September 2021 respectively, generating an AED 202.9 million gain on sale and realizing cash proceeds of AED 783 million. Adjusted net profit⁽¹⁾ for the period excluding the gain and trading impact of the two exits, is AED 56.4 million in 9M-2021 versus AED 0.7 million in 9M-2020. The solid growth in underlying net profit continues to highlight the fundamental strength and potential of Amanat’s investment portfolio and the effectiveness of its cost optimization and efficiency efforts. On this front, Amanat’s total expenses for the period declined 35% y-o-y to AED 25.3 million.

Summary Financial Results⁽¹⁾

AED mn	9M-20	9M-21	Change
Total Income⁽²⁾	27.2	305.3	11x
Gain on disposal	0.0	202.9	n/a
Result from divestments & one-time items	(12.5)	14.5	n/a
Adjusted Total Income	39.7	88.0	121%
Platform Income⁽³⁾	12.6	81.5	6x
Healthcare	(41.9)	26.7	n/a
Education ⁽⁴⁾	54.5	54.8	1%
Interest & Other Income	10.3	6.4	(37)%
Total Expenses	39.1	25.3	(35)%
Finance Charges	0.0	6.2	n/a
Net Profit	(11.9)	273.8	n/a
Net Profit Margin	(44)%	90%	n/a
Adjusted Net Profit	0.7	56.4	86x
Adjusted Net Profit Margin	2%	64%	n/a

¹ Adjusted measures exclude the gain generated from the disposals of Taaleem and IMC, associated current and prior period trading result and one-time items in the prior year

² Includes share of results from associates, net profit from subsidiaries, finance income, interest & other operating income excl. NCI.

³ Includes share of results from associates, net profit from subsidiaries & Finance Lease income excluding NCI and excludes share of results generated from divestures

⁴ Assets under Amanat’s education platform have a fiscal year ending on the 31st of August and thus Amanat’s consolidated results for the nine months ended 30 September 2021 reflect eight months results from the education platform’s fiscal year ended 31 August 2021 in addition to 1 month from 2021/2022 fiscal year.

Highlights

Total Income

AED **305.3** million

vs AED 27.2 mn in 9M20

Adjusted Total Income

AED **88.0** million

vs AED 39.7 mn in 9M20

Platform Income

AED **81.5** million

vs AED 12.6 mn in 9M20

Total Gain on Disposal

AED **202.9** million

vs AED 0 mn in 9M20

Net Profit

AED **273.8** million

vs AED 11.9 mn net loss in 9M20

Adjusted Net Profit

AED **56.4** million

vs AED 0.7 mn in 9M20

Cash Balance

AED **871.7** million

vs AED 530.6 mn at y/e 2020

In the nine-month period, Amanat recorded strong results across its healthcare and education platforms. Its healthcare platform delivered an outstanding turnaround, reporting income of AED 26.7 million in 9M-2021 versus a loss of AED 41.9 million in the comparable period of 2020, an improvement of AED 68.6 million, supported by a significant narrowing of losses at Sukoon, further improvement at RHWC and the robust contribution from the company's latest acquisition, Cambridge Medical and Rehabilitation Center ("CMRC") which delivered AED 43.7 million of income in the seven months from acquisition. The turnaround is directly attributable to Amanat's ability to execute acquisitions at attractive returns and the successful implementation of Amanat's turnaround strategies, exemplifying the effectiveness of its holistic and hands-on approach to investment management that enables the company to build market-leading operations.

Amanat's education platform continued to deliver steady income, recording AED 54.8 million in 9M-2021 compared to AED 54.5 million for the same period last year, modest growth of 1%. Middlesex University Dubai recorded AED 17.0 million of income representing 3% year-on-year growth driven by record enrollments, growth in academic fees and lower costs. On the other hand, ADUHC recorded an 11% decline, delivering AED 18.6 million of income on the back of a one-time depreciation adjustment in 3Q-2021. Excluding the one-time adjustment, ADUHC's performance was marginally ahead of last year at AED 21.4 million. Lastly, finance lease income from NLCS grew 10% to record AED 24.9 million, mainly attributable to the expansion of the school facilities.

In September, the Company had announced the build out of its Social Infrastructure Platform ("SIP") to complement its existing ownership of the real estate assets of NLCS with the acquisition of the CMRC real estate assets in Abu Dhabi. The SIP will serve as an enabler for the growth and sustainability of Amanat's portfolio companies.

Commenting on the results, Amanat's Chairman, Hamad Alshamsi said: "As we near the end of what is shaping out to be a remarkable year for Amanat, I am proud to present to you another set of strong operational and financial results. Over the last 9 months we continued to deliver record-breaking profitability while making strides across all our strategic objectives. During the third quarter, our portfolio was further optimized with the sale of our stake in IMC, marking our second profitable exit from a minority investment this year and generating significant returns for shareholders and proceeds of nearly AED 800 million. In light of the impressive progress made throughout 2021, and guided by our revamped corporate strategy, I am confident that we are well-positioned to make the most of the post-COVID-19 rebound and changing market dynamics as we look to kick off a new chapter of sustainable growth and value creation."

Chief Executive Officer of Amanat, Dr. Mohamad Hamade added: "Looking ahead, we will continue to work to deliver above-market returns for our shareholders through a carefully executed strategy centered on extracting maximum value from existing assets and executing high-potential acquisitions that complement our platforms. At the same time, we are looking to continue positively impacting the societies we operate in, setting new standards across both our chosen sectors. In the immediate term, this entails playing a role in the digitalization of both industries in the region while supporting the healthcare and education agendas of GCC governments. We are particularly keen to support the advancement of medical tourism and patient repatriation in the region, leveraging our integrated healthcare platform to offer high quality specialized medical services that have the ability to compete with those offered by other emerging markets." **Hamade concluded.**



Strategy Update

With the start of 2021, Amanat entered a new growth and development phase guided by a set of strategic pillars formulated under the guidance of the Company's Board of Directors. These guiding principles include the establishment and development of specialized platforms across the Company's two chosen sectors; growing Amanat's earnings and improving its key return metrics; the delivery of a sustainable, above market average dividend yield; and driving digitalization across both the healthcare and education industries through strategic investments in EdTech and HealthTech. To make headway on these strategic objectives, Amanat has deployed a series of initiatives designed to enhance its portfolios' performance and profitability, accelerate new investments in high-yielding assets, and further optimize its capital structure.

On the optimization front, Amanat made considerable progress in the nine-month period ended 30 September 2021, completing two profitable exits from minority investments, and strengthening its current portfolio with two strategic acquisitions. In February, the Company acquired 100% of Cambridge Medical and Rehabilitation Center ("CMRC") for total consideration of AED 871 million, financing it through a combination of cash on hand and leverage, which constitutes an AED 405 million loan at the level of CMRC. The post-acute care and rehabilitation provider immediately began making a sizable contribution to Amanat's consolidated results, recording income of AED 43.7 million for 9M-2021 in the seven months from March 2021.

In September, Amanat concluded a second transaction, acquiring CMRC's real estate assets in Abu Dhabi, for AED 53 million⁽⁵⁾. The deal marks Amanat's first investment in healthcare real estate and comprises c. 6,000 square meters of land and a built-up area of c. 6,600 square meters encompassing 2 three-levelled building blocks with 106 inpatient licensed beds alongside rehabilitation facilities including 14 outpatient rooms, 3 gyms and a series of other amenities. Together, the transactions not only strengthen Amanat's existing offering, but also demonstrate the Company's ability to promptly deploy existing cash and raise debt financing to acquire attractive assets which best fit the Company's investment strategy and vision.

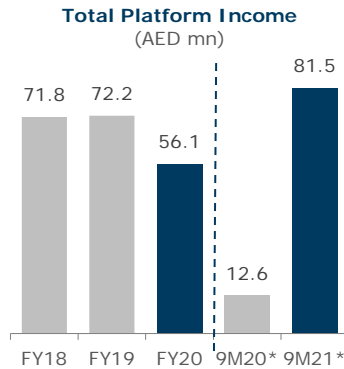
In parallel, the Company successfully exited two minority stakes in Taaleem and IMC. The first, which was completed on April 28, saw the Company sell its 21.7% stake for a total value of AED 350 million. The divestment resulted in Amanat generating a total cash return of AED 225 million, including dividends, since its investment in Taaleem, which translates to a money on money multiple ("MoM") of 2.2 times and an IRR of 21%. This was later followed by Amanat's sale of its 13.13% stake in IMC for AED 433 million. The divestment resulted in a total cash return of AED 109 million, including dividends, and delivered a gain from sale of AED 42.6 million. The divestments see the Company further optimize its portfolio, exiting minority positions and generating ample cash to invest in new opportunities which are more strategically aligned with Amanat's long-term vision.

Meanwhile, the Company continues to work closely with management teams across its existing investments to improve the portfolio companies' performance, generating new value through a three-pronged approach covering corporate strategy, corporate finance and corporate governance. A prime example of the efficacy of Amanat's hands-on approach can be seen in the impressive turnaround delivered by long-term care provider Sukoon.

⁵Initial acquisition of AED 46 million plus potential additional consideration of AED 7 million.



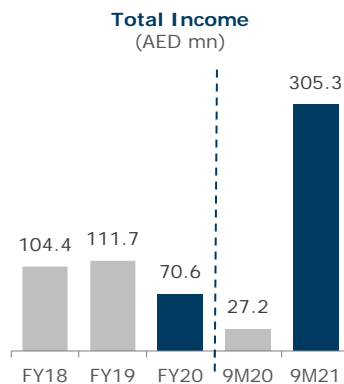
Consolidated Financial Performance



*Excludes income from investment generated by Taaleem & IMC in both periods

Total platform income recorded AED 81.5 million in 9M-2021, a significant increase from the AED 12.6 million reported in the same nine months of last year. The impressive growth was supported by a noteworthy turnaround at Amanat’s healthcare platform coupled with steady growth from its education platform. Amanat’s healthcare platform recorded income of AED 26.7 million in 9M-2021 versus a loss of AED 41.9 million this time last year. The improvement versus last year came on the back of narrowing losses at both Sukoon and Royal Hospital for Women and Children (“RHWC”). The platform’s results were further boosted by an AED 43.7 million contribution from Amanat’s latest investment CMRC, which was acquired in February 2021.

Meanwhile, at the education platform, income recorded was AED 54.8 million in 9M-2021 compared to AED 54.5 million for the same period last year, representing modest growth of 1%. Middlesex University Dubai recorded 3% year-on-year growth to AED 17.0 million driven by record enrollments, growth in academic fees and lower costs. Finance lease income from NLCS also witnessed an increase of 10% to record AED 24.9 million, mainly attributable to the expansion of the school facilities. Lastly, ADUHC recorded an 11% decline to AED 18.6 million in 9M-2021 on the back of a one-time depreciation adjustment in 3Q-2021, compared to AED 21.0 million in 9M-2020. Excluding the one-time adjustment, ADUHC’s performance was marginally ahead of last year at AED 21.4 million.



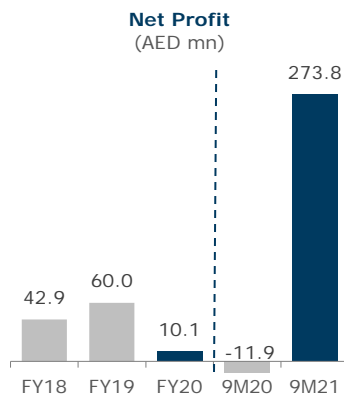
Total impact from disposal, which includes gain on sale of AED 202.9 million, and share of results of disposed assets of AED 14.5 million, was AED 217.4 million in 9M-2021. In the first nine months of the year, Amanat successfully completed the divestment of two minority stakes in Taaleem Holdings (“Taaleem”) and International Medical Center KSA (“IMC”). The first, which was completed in April 2021, generated a gain on sale of AED 160.3 million. Meanwhile, the sale of IMC, which was completed in the final week of the third quarter, produced a gain on sale of AED 42.6 million.

Interest and other income in the nine-month period stood at AED 6.4 million compared with AED 10.3 million in 9M-2020 with the y-o-y decline attributable to a decrease in interest rates and the deployment of cash reserves for the purchase of CMRC in February of this year.

Total Income increased to AED 305.3 million in 9M-2021 from AED 27.2 million in the same nine-month period of last year. Adjusted total income, i.e. total income excluding the gain on sale and current and prior period result from Taaleem and IMC and one-time non-recurring items was AED 88.0 million in 9M-2021, versus AED 39.7 million last year.



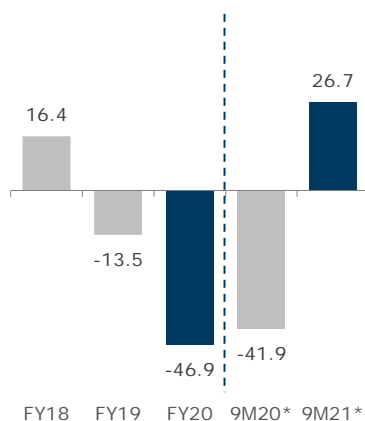
Total expenses stood at AED 25.3 million in 9M-2021, down 35% y-o-y on the back of cost saving initiatives and the internalization of professional services. The decline is primarily attributable to a 60% decrease in G&A expenses combined with lower staff costs and project expenses for the nine-month period. More specifically, in 9M-2021, Amanat booked AED 5.3 million in G&A expenses, down from AED 13.2 million in 9M-2020 as management continued to keep tight control on general and administrative expenses throughout the period. Meanwhile, staff costs declined 5% to AED 17.3 million in 9M-2021 from AED 18.2 million this time last year, and project expenses recorded AED 2.8 million, down from AED 7.6 million in 9M-2020.



Net Profit reached a new record-high of AED 273.8 million, compared to the AED 11.9 million net loss recorded in the comparable period of last year. The remarkable improvement was supported by strong results at Amanat’s platforms coupled with a combined gain on sale from Taaleem and IMC of AED 202.9 million for the period. Adjusted net profit recorded AED 56.4 million in 9M-2021 compared to AED 0.7 million in 9M-2020. Amanat’s ability to deliver significant growth in underlying profitability highlights the strength and potential of its current investment portfolio and the effectiveness of management’s cost optimization and efficiency strategy.

Total cash and bank balances stood at AED 871.7 million as at 30 September 2021, providing the Company with abundant deployable cash to pursue future investment opportunities aimed at further optimizing its current portfolio. Total cash and bank balances are up from AED 530.6 million as at year-end 2020, as the deployment of a large part of Amanat’s cash reserves to acquire CMRC in February and later CMRC’s Abu Dhabi real estate assets in September, was more than offset by the AED 783 million in cash proceeds generated by the sale of Amanat’s stakes in Taaleem and IMC.

Healthcare Platform Income (AED mn)



*Excludes income from investment generated by IMC in both periods.

Healthcare Platform Financial and Operational Review

Amanat’s healthcare platform recorded income of AED 26.7 million in 9M-2021, a noteworthy improvement from a net loss of AED 41.9 million in the comparable period of last year. This period’s results were supported by robust performances across all healthcare assets, which continued to observe sustained recovery in patient volumes following last year’s COVID-19-related slowdown. The platform’s results were bolstered by the recent CMRC acquisition and its contribution beginning March 2021.

CMRC, the latest addition to the Company’s healthcare platform, contributed AED 43.7 million in income in the seven months from March 2021. CMRC has been recording strong operational and financial growth throughout 2021, with the company’s revenue for 3Q-2021 expanding a solid 8% q-o-q. It is also worth noting that CMRC’s results for the period include ramp-up costs related to the company’s latest Dhahran branch in KSA. While these did weigh on CMRC’s profitability in the first part of the year, the new facility turned EBITDA

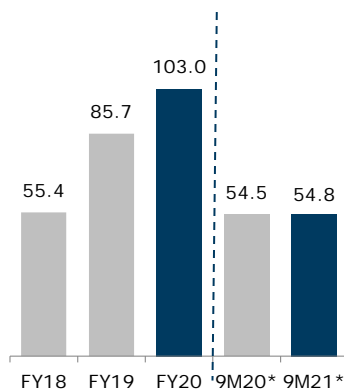


positive in June 2021 and has since been generating increasing positive contributions to profitability.

Amanat’s losses at Sukoon narrowed significantly in the nine-month period, coming in at close to breakeven compared to the AED 23.8 million loss in the same period of 2020. Narrowing losses come as a direct result of the facility’s successful turnaround strategy, which saw Sukoon turn EBITDA positive in 2H-2020, combined with a sustained recovery in patient volumes. The multi-pronged strategy, rolled out towards the end of 2019 by Sukoon’s new management, looks to (i) renovate and expand its facility, (ii) reduce its cost base and (iii) develop new revenue streams. The ongoing facility expansion is expected to be completed in 1H-2022 and will have the potential to improve patient flow and increase the hospital’s operational capacity to c.230 beds while improving efficiency.

Finally, at Royal Hospital for Women and Children (“RHWC”), losses declined to AED 13.3 million in 9M-2021 from a loss of AED 18.1 million recorded last year. Narrowing losses were supported by a 166% y-o-y increase in the hospital’s revenue in 9M-2021 as volumes and utilization across both the facility’s inpatient and outpatient segments continued to improve supported by the effective ramp-up of RHWC’s obstetrics, gynecology and general surgery departments and the launch of its new IVF and plastic surgery departments. Moreover, revenues were further buoyed by an agreement with Salmaniya Hospital for the referral of labor and delivery patients to RHWC. It is worth noting that the closure of the Saudi Arabian borders throughout the first half of the year as part of the government’s COVID-19 response weighed on revenues generated by RHWC’s high-value departments such as cosmetology, bariatrics and IVF.

Education Platform Income
(AED mn)



*Excludes income from investment generated by Taaleem Holdings in both periods.

Education Platform Financial and Operational Review

Amanat’s education platform, reported income of AED 54.8 million in 9M-2021, marginally up from the AED 54.5 million recorded in the same nine months of 2020. The increase y-o-y is attributable to growing income from Middlesex University Dubai (“MDX”) and an increase in finance lease income from NLCS.

Amanat’s higher education provider ADUHC reported income of AED 18.6 million in 9M-2021, down from AED 21.0 million recorded in the same period of last year. The year-on-year decline is on the back of a one-time depreciation adjustment in 3Q-2021. Excluding the one-time adjustment, ADUHC’s performance was marginally ahead of last year at AED 21.4 million. It is important to note that ADUHC’s underlying profitability continues to improve supported by higher enrollment rates and various successful efficiencies and cost optimization initiatives. Higher enrolments come as a direct result of ADUHC’s efforts to increase its recruitment capabilities. These have included the launch of a new online platform as well as very high levels of student satisfaction with distance learning which helped retain and grow the ADUHC student body.

MDX recorded an income of AED 17.0 million in 9M-2021, up from the AED 16.5 million figure reported in the same period of last year. Improvements in profitability come on the back of solid growth in tuition income, boosted by record-breaking student intake in January and September, combined with management's effective cost savings initiatives. Strong enrolment rates were supported by MDX's new successful virtual initiatives and events launched for prospective students, a fully integrated multi-channel domestic marketing campaign, three newly launched bachelor's degree programs as well as a dynamic blended online-offline model for academic provision.

Finance lease income generated by the North London Collegiate School ("NLCS") recorded AED 24.9 million in 9M-2021, 10% above last year's figure. The increase comes on the back of the completion of the school's expansion project funded by Amanat to increase the school's capacity to c.1,700 students.

– Ends –



About Amanat Holdings PJSC

Amanat Holdings PJSC is the region's largest integrated healthcare and education investment company with paid-up capital of AED 2.5 billion. Listed on the Dubai Financial Market (DFM) since 2014, Amanat has a mandate to establish, acquire and incorporate companies working in the healthcare and education sectors, and develop, manage, and operate these companies within the GCC and beyond. Amanat's healthcare platform includes Sukoon, a provider of acute extended care, critical care and home care medical services in Jeddah, Saudi Arabia; the Royal Hospital for Women and Children (RHWC), a world-class hospital for women and children located in the Kingdom of Bahrain; and Cambridge Medical and Rehabilitation Center (CMRC), a leading post-acute care and rehabilitation provider in the UAE and KSA. Amanat's education platform includes Abu Dhabi University Holding Company, a leading provider of higher education; Middlesex University Dubai, the first overseas campus of the internationally renowned Middlesex University in London; and BEGiN, a US-based award-winning education technology company. Amanat also owns the real estate assets of the North London Collegiate School in Dubai, UAE, and the real estate assets of Cambridge Medical and Rehabilitation Center in Abu Dhabi, UAE.

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