

أمانات  
AMANAT  
HEALTHCARE & EDUCATION

# INVESTOR PRESENTATION

1H-2020



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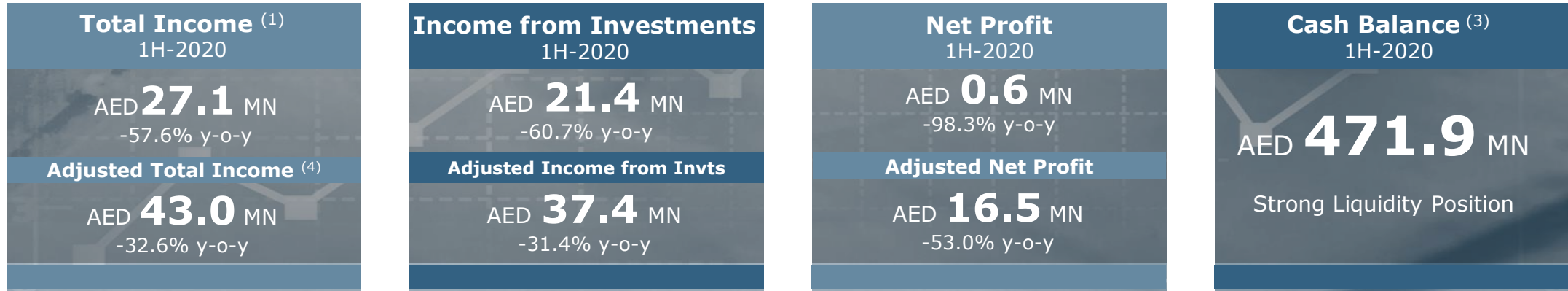
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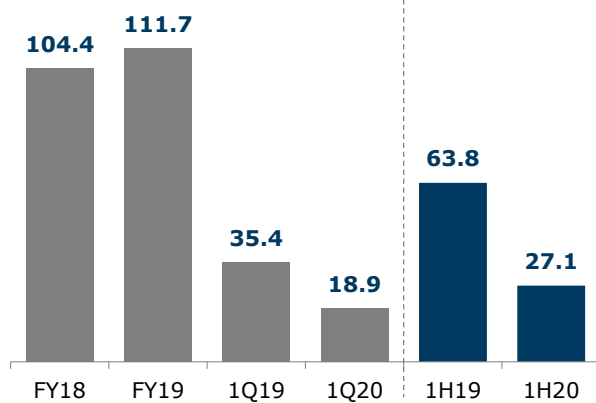
# Financial Review 1H-2020



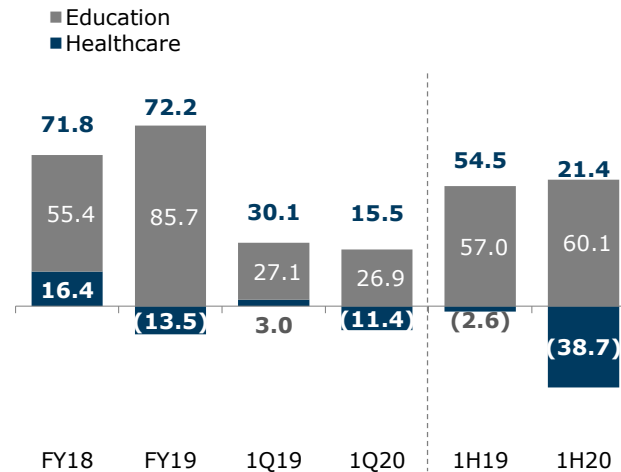
# Performance Highlights 1H-2020



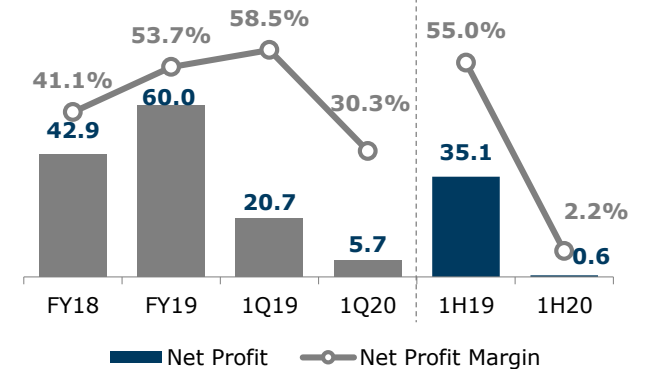
Total Income | AED MN



Income from Investments<sup>(2)</sup> | AED MN



Net Profit | AED MN



(1) Excluding OCI and NCI

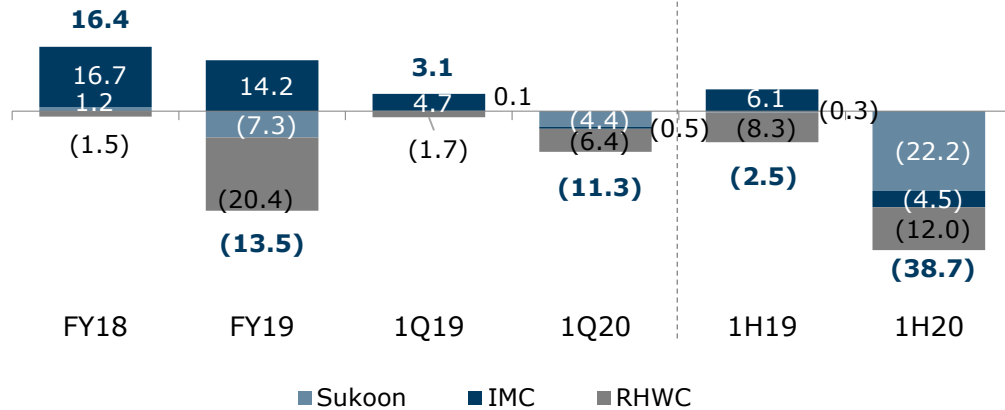
(2) Includes share of results from associates (Sukoon, Taleem, International Medical Center and Abu Dhabi University Holding Company), share of net income from subsidiaries (Middlesex University Dubai and Royal Hospital for Women & Children) and Finance Lease income generated from the real estate assets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

(3) Amanat Holdings. (4) Adjusted Total Income, Adjusted Income from Investments and Adjusted Net Profit exclude one-off item amounting to AED 15.9 million related to Sukoon's aged receivables

# Income from Investments 1H-2020

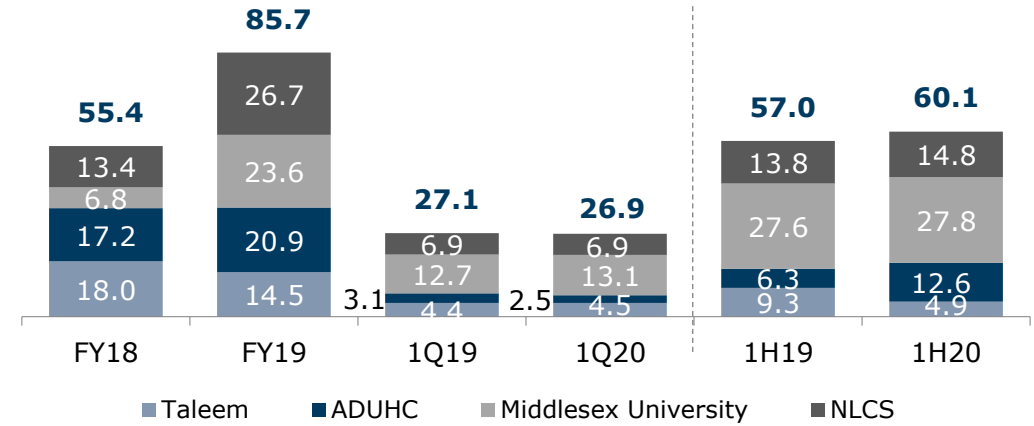
## Healthcare Platform

Income from Investments Build-Up 1H-2020 | AED MN

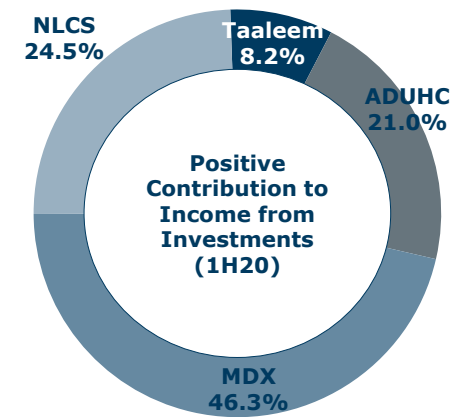
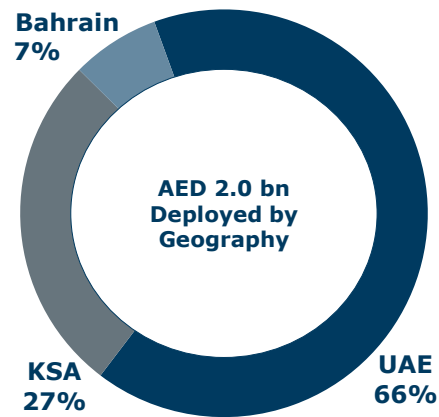
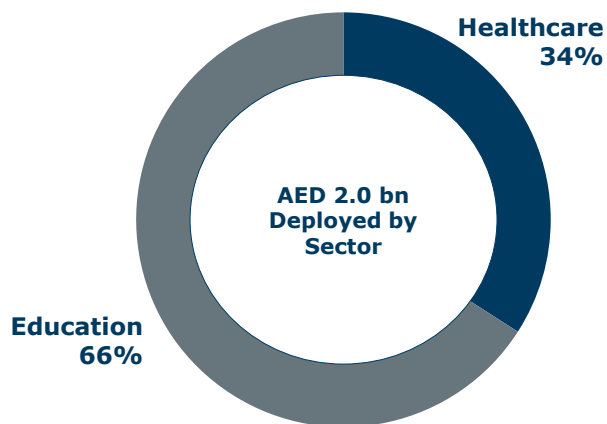


## Education Platform

Income from Investments Build-Up 1H-2020 | AED MN



## Investments Breakdown



# Summary Consolidated Income Statement

AED' 000	1H-19	1H-20	Change
<b>Subsidiaries Revenue</b>	88,345	92,963	5%
Direct Costs	(41,178)	(38,030)	-8%
<b>Subsidiaries Gross Profit</b>	47,167	54,933	16%
Subsidiary-related Employee Expenses	(9,613)	(17,560)	83%
Other Subsidiaries Income	1,003	1,090	9%
Other Subsidiaries Expenses	(18,370)	(19,367)	5%
Subsidiaries Interest Expense	(1,937)	(2,417)	25%
Other Subsidiaries Expenses		(3,603)	
<b>Subsidiaries Net Profit</b>	18,250	13,076	-28%
Non controlling Interest	2,131	5,301	149%
PPA MDX	(2,250)	(2,750)	22%
<b>Amanat Share of Subsidiaries' Net Income</b>	18,131	15,627	-14%
Share of Associates Results	22,570	(9,135)	-140%
Non-Controlling Interest	-	-	
<b>Share of Associates Results Attributable to Equity Holders</b>	40,701	6,492	-84%
<b>Finance Lease Income</b>	13,757	14,780	7%
<b>Interest Income</b>	8,092	5,676	-30%
<b>Other Income</b>	1,254	-	-100%
<b>Total Income</b>	63,805	26,947	-58%
Amanat-related Employee Expenses	(16,244)	(13,038)	-20%
Amanat-related General and Admin. Expenses	(8,498)	(8,121)	-4%
Projects Expenses	(3,965)	(5,202)	31%
<b>Total Expenses</b>	(28,707)	(26,361)	-8%
<b>Net Profit / (Loss) for the Period</b>	35,098	586	-98%
Net Profit Margin	55.0%	2.2%	52.8 pts
<b>Adjusted Net Profit / (Loss) for the Period</b>	35,098	16,535	-53%
Adjusted Net Profit Margin	55.0%	38.5%	16.5 pts

## Key Highlights

- Subsidiaries comprise MDX and RHWC, both of which were acquired at the end of August 2018.
- Share of Associates Results include IMC, Sukoon, Taaleem and ADUHC while Finance Lease Income represents the real estate assets of NLCS.
- The increase in subsidiary-related expenses was driven by RHWC's ramp up which reflects a full 6 months of operations in 1H 2020 vs. only 3 months last year given the hospital launched in March 2019
- Interest income in 1H-2020 reached AED 5.7 million vs. AED 8.1 million in 1H-2019 on account of a significant decline in interest rates y-o-y.
- Amanat's total income, which includes share of results from associates, net profit from subsidiaries excluding NCI, finance income, interest and other operating income recorded AED 27.1 million in 1H-2020, down by 57.6% compared to the AED 63.8 million booked in the same period last year.
- Total holding expenses recorded AED 26.5 million in 1H-2020, down by 7.7% y-o-y versus the AED 28.7 million recorded in 1H-2019. Amanat recorded a 19.7% decline in staff costs to AED 13.0 million, with a 2.9% decrease in G&A expenses to AED 8.3 million.
- Amanat recorded a net profit for 1H-2020 of AED 0.6 million compared to a net profit of AED 35.1 million in the same period last year, impacted by lower contributions to income from investments by the healthcare platform companies on account of Covid-19 and further compounded by a one-off provision of AED 15.9 million related to Sukoon. Excluding this one-off provision, Amanat would have turned a net profit of AED 16.5 million in 1H-2020.

# Summary Consolidated Balance Sheet

AED' 000	31-Dec-19	30-Jun-20
Property & Equipment	134,933	129,333
Goodwill	485,849	483,599
Finance Lease Receivables (NLCS)	336,417	361,278
Investments in Associates	1,107,774	1,097,094
Other Non-Current Assets	40,867	31,951
<b>Total Non-Current Assets</b>	<b>2,105,840</b>	<b>2,103,255</b>
Cash and Cash Balances	571,702	493,880
Other Current Assets	86,915	60,762
<b>Total Current Assets</b>	<b>658,617</b>	<b>554,642</b>
<b>Total Assets</b>	<b>2,764,457</b>	<b>2,657,897</b>
Share Capital	2,500,000	2,500,000
Share Premium	0	727
Treasury Shares	0	-3,472
Reserves	8,111	3,644
Retained Earnings	55,790	1,376
Non-controlling Interests	16,864	11,563
<b>Total Equity</b>	<b>2,580,765</b>	<b>2,513,838</b>
Bank Financing – Long Term	57,152	59,967
Other Long-Term Payables	3,916	4,013
Other Long-Term Liabilities	26,186	26,812
<b>Total Non-Current Liabilities</b>	<b>87,254</b>	<b>90,792</b>
Trade & Other Payables	30,531	44,001
Financial Liability at Fair Value through Profit or Loss	27,850	0
Other Current Liabilities	38,057	9,266
<b>Total Current Liabilities</b>	<b>96,438</b>	<b>53,267</b>

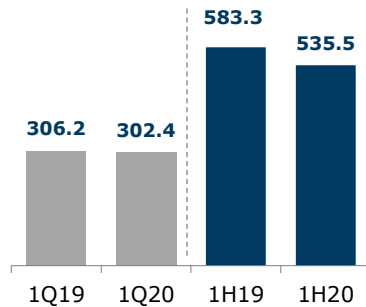
## Key Highlights

- Property, plant and equipment largely reflects the assets of RHWC.
- Goodwill of 486 million is related to the acquisitions of Middlesex and RHWC
- Investments in associates (Sukoon, Taaleem, IMC & ADUHC) stood at 1,097 as at 30 June 2020 compared to 1,108 as at 30 June 2019 with the decline mainly attributable to the reduction in capacity at Sukoon.
- Total cash and bank balances stood at AED 494 million as at 30 June 2020, down from 572 in 30 June 2019 and representing 18.6% of Amanat's total assets.
- Cash balances held at Amanat Holdings as at 30 June 2020 stood at AED 471.9 million, down from AED 522.7 million at year-end 2019.
- The decline in cash and bank balances was mainly attributed to the AED 13 million draw-down from NLCS for the campus expansion as well as the distribution of dividends for the year 2019.

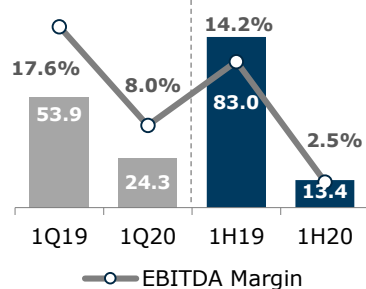
# Healthcare Platform | IMC

Financial and Operational Review | Company First Quarter Ended 31<sup>st</sup> March & First Half Ended 30<sup>th</sup> June

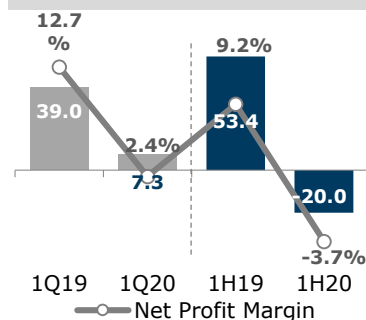
## Revenue | SAR MN



## EBITDA | SAR MN



## Net Profit | SAR MN



## Financial Performance

- IMC's revenues declined 8.2% y-o-y due to the temporary drop in volumes resulting from Covid-19 restrictions on elective surgeries which are deemed deferred until restrictions have been removed.
- In fact, starting end of May and June 2020, inpatient and outpatient volumes recovered as restrictions in Jeddah are lifted
- Lower revenues led to losses of SAR 20.0 mn recorded in H1 2020 vs profits of SAR 53.4 mn in H1 2019.

SAR **(247.6)** MN

Net Debt (Cash)  
30 Jun 2020

## Action Plan

✓ Completed Initiative

⊕ Ongoing Initiative



### Corporate Strategy

- ✓ Revenue initiatives successfully implemented including expansion of Homecare, Telemedicine and ER services
- ✓ Operational integration of recent North Jeddah acquisition complete, with day-time utilization expanded and day case surgeries ramped up
- ✓ 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
- ⊕ Immediate growth plans expected to be completely financed by internal funds



### Corporate Governance

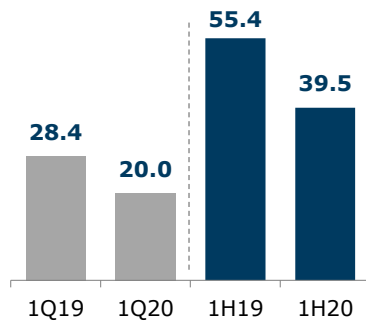
- ✓ Completed the implementation of ERP system with full IFRS compliance and undergoing the upgrade of the HIS systems
- ✓ Fortified management capabilities with a full C-suite now in place



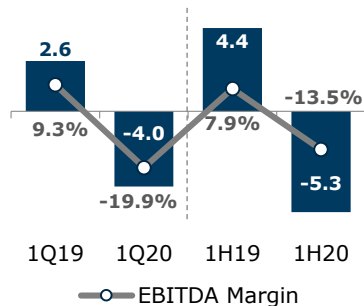
# Healthcare Platform | Sukoon

Financial and Operational Review | Company First Quarter Ended 31<sup>st</sup> March and First Half Ended 30<sup>th</sup> June

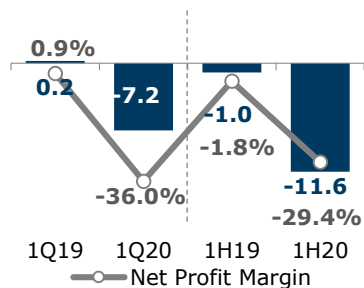
## Revenue | SAR MN



## EBITDA | SAR MN



## Net Profit | SAR MN <sup>(1)</sup>



(1) Excludes one-off items

## Financial Performance

- Sukoon's revenues declined 28.6% y-o-y driven by temporarily reduced capacity due to refurbishment of the facility
- Downward pressure on top-line affected the company's profitability despite cost saving initiatives implemented to offset the decline, resulting in a net loss pre one-off items of SAR 11.6 million
- In fact, EBITDA of core operations turned positive during the month of June
- As part of the restructuring exercise, management has provided for c. SAR 50 million of aged receivables which affected bottom line in H1 and resulting in a net loss of c. SAR 62 million.




**SAR (200) mn**

Net Debt (Cash)  
31 Jun 20

## 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>✓ 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> <li>⊕ Improving revenue cycle management</li> <li>⊕ Initiated cost-saving plan</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>⊕ Growth plans expected to be completely financed by internal funds</li> <li>⊕ Improving recoverability of receivables</li> </ul>
 <p><b>Corporate Governance</b></p>	<ul style="list-style-type: none"> <li>✓ Hired a new CEO and CFO in December 2019</li> <li>✓ Hired a global healthcare provider on a consultancy basis to support with the turnaround</li> <li>✓ Enhanced controls through the development board committee charters, establishment of an Internal Audit function and improving current policies &amp; procedures</li> <li>⊕ Maintaining CBAHI and JCI accreditation</li> </ul>

# Healthcare Platform | RHWC

Financial and Operational Review | Company First Quarter Ended 31<sup>st</sup> March

## Financial Performance

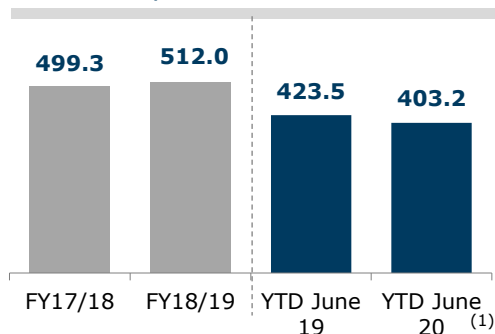
- RHWC recorded revenues of BHD 0.5 million in H1 2020, significantly above H1 2019, owing to ramp-up in operations and the launch of c. 90% of the hospital's medical services. Revenues were driven primarily by obstetrics, gynecology and general pediatric services
- The pace of ramp-up was adversely affected by Covid-19 restrictions, leading to a suspension of elective procedures in Q2 2020, with only essential services being allowed (OBGYN, Pediatrics and Urgent Care)
- Revenues in June recovered to pre-COVID level with the easing of restrictions
- Ramp-up losses grew by 54% vs H1 2019, driven by physicians hiring and delay in revenue ramp-up due to COVID-19. Additionally, H1 2020 reflects 6 full months of operation vs. only 4 months in 2020 given operations started in March 2019

	Action Plan	✓ Completed Initiative <span style="float: right;">⊕ Ongoing Initiative</span>
<b>BHD 0.5 MN</b>  Revenues 1H20	 <b>Corporate Strategy</b>	<ul style="list-style-type: none"> <li>✓ Contracts signed with 6 insurance companies accounting for c. 90% market share.</li> <li>✓ Commercial terms agreed with 10 visiting physicians. Dedicated internal team formed to continue to attract more visiting physicians and medical tourists from the region.</li> <li>✓ In-house laboratory service established to improve lab referral volume and overall patient experience.</li> <li>⊕ Physician hiring and department setup ongoing for launch of 6 new services in Q1 of 2020 - IVF, Emergency, Bariatric, Urology, Orthopedics, and Plastic Surgery</li> <li>⊕ Exploring M&amp;A opportunities for the creation of a regional Mother &amp; Child platform</li> </ul>
<b>BHD (1.8) MN</b>  Net Loss 1H20	 <b>Corporate Finance</b>	<ul style="list-style-type: none"> <li>✓ Completed funding requirements to fund operations and growth capex</li> </ul>
<b>BHD 7.9 MN</b>  Net Debt (Cash) 30 Jun 2020	 <b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>✓ Implemented strong governance frameworks driven by the Board and Steering Committee</li> <li>✓ Implemented financial and operational KPIs to track department-wise performance</li> <li>✓ Defined authority matrix and circulated to all department heads</li> <li>✓ Agreed KPIs for the operator and linked them to the operator's variable compensation</li> <li>⊕ Developing company organization structure, roles, responsibilities, and KPIs</li> </ul>

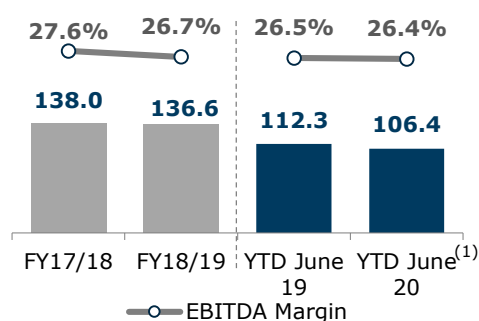
# Education Platform | Taaleem

## Financial and Operational Review | Company 10-Month YTD Performance as of June

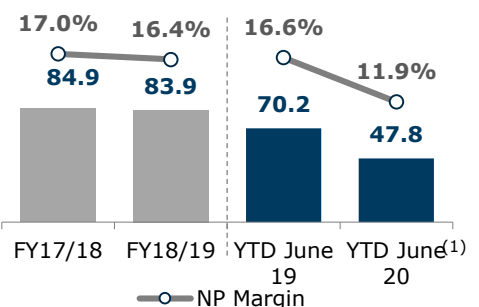
### Revenue<sup>(2)</sup> | AED MN



### EBITDA<sup>(2)</sup> | AED MN



### Net Profit<sup>(2)</sup> | AED MN



(1) YTD figures represent ten months of operation from June 2019 to June 2020.  
 (2) Figures exclude one-time items.

### Financial Performance

- YTD Jun '20 revenues declined 5% vs. June 19' on the back of implementation of discounts for Term 3 ranging from 20%-25%
- Subsequently, Taaleem identified cost savings to partially offset the impact of the discounts, however, EBITDA and Net Income in YTD Jun '20 still dropped 5% and 32% respectively vs YTD Jun '19
- YTD 2020 figures reflect the impact of adopting IFRS 16, which increased YTD EBITDA by AED 14.8 million, while decreasing YTD net income by AED 3.5 million on a like for like basis

**AED 38.1 MN**

Net Debt (Cash)  
 30 Jun 20, excluding  
 finance leases of  
 AED 160.8 mn

### Action Plan

✓ Completed Initiative

⊕ Ongoing Initiative



**Corporate Strategy**

- ✓ Transitioned to distance learning
- ✓ Developed expansion strategy for execution (organic/in-organic)
- ✓ Commenced development of a new school in Abu Dhabi (Al Raha 2)
- ✓ Identified areas for cost optimization
- ⊕ Executing further efficiency & cost management initiatives for 2021
- ⊕ Continue improving academic quality and school ratings
- ⊕ Focusing on student recruitment for the 2021 academic year



**Corporate Finance**

- ⊕ Evaluating optimal capital structure to fund growth initiatives, including avenues for leveraging Taaleem's strong balance sheet
- ⊕ Exploring the potential path towards listing the company at the right time



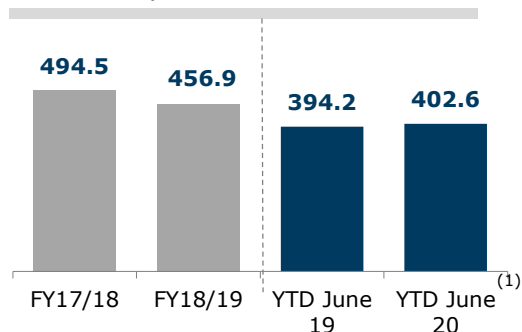
**Corporate Governance**

- ✓ Hired a new CEO
- ✓ Enhanced the marketing and admissions functions
- ⊕ Developing Enterprise Resource Planning (ERP) systems to enhance reporting and data flow and thus better management of risks and improved scalability

# Education Platform | ADUHC

## Financial and Operational Review | Company 10-Month YTD Performance as of June

### Revenue | AED MN



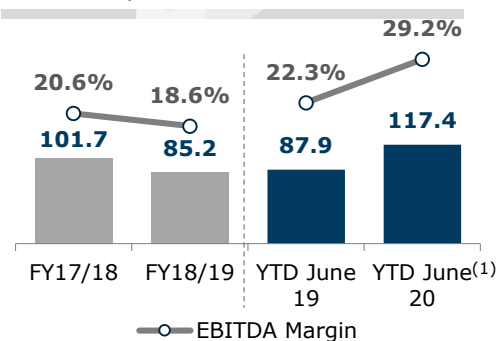
### Financial Performance

- YTD revenues are 2% higher than last year as strong enrolments and higher credit hours sold more than offset lower auxiliary services, lower training revenues and higher scholarships.
- EBITDA and net income increased year on year due to the higher revenue combined with improved efficiencies following the implementation of previously identified cost optimization initiatives.

**AED 238.3 MN**

Net Debt (Cash)  
30 Jun 20

### EBITDA | AED MN



### Action Plan

✓ Completed Initiative

⊕ Ongoing Initiative



#### Corporate Strategy

- ✓ Launched the College of Health Sciences
- ✓ Commenced executing cost optimization strategy
- ⊕ Relocating Al Ain campus into a new purpose-built facility (Sep 2020)
- ⊕ Screening suitable acquisition targets in new geographies
- ⊕ Introducing new programs/courses & expanding agent network
- ⊕ Assessing program profitability per campus
- ⊕ Implementing a new marketing strategy to increase student acquisition



#### Corporate Finance

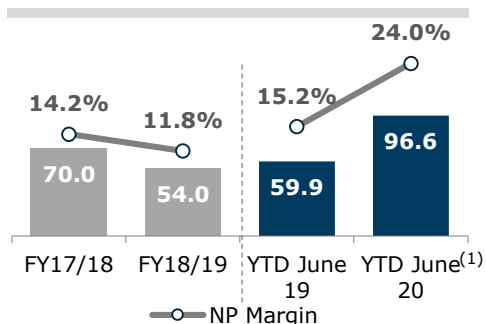
- ✓ Implemented cash management initiative
- ⊕ Evaluating optimal capital structure to fund growth initiatives



#### Corporate Governance

- ⊕ Optimizing organizational structure and human capital
- ⊕ Focusing on obtaining further academic excellence and recognition

### Net Profit<sup>(2)</sup> | AED MN



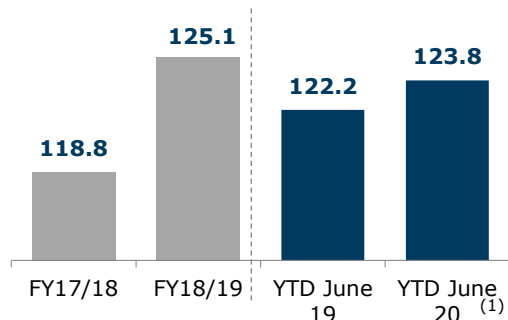
(1) YTD June figures represent ten months of operation from August 2019 – June 2020.

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

# Education Platform | Middlesex

## Financial and Operational Review | Company 10-Month YTD Performance as of June

### Revenue | AED MN



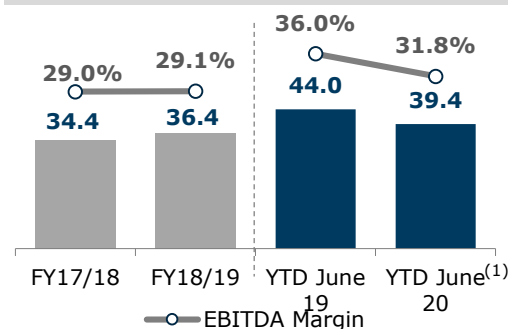
### Financial Performance

- YTD revenue was up 1% YoY, as a c. 6% increase in enrolments was partially offset by:
  - Higher discounts and scholarships provided relative to last year
  - Drop in other ancillary revenues due to COVID-19
  - Lower occupancy of student accommodation
- EBITDA was approximately 10% below the previous year due to higher staff costs to accommodate the increase in students as well as a higher bad debt provision due to Covid-19.

**AED (14.7) MN**

Net Debt (Cash)  
30 Jun 20

### EBITDA | AED MN



### Action Plan

- ✓ Completed Initiative
- ⊕ Ongoing Initiative



#### Corporate Strategy

- ✓ Introduced 9 new programs in Sep 2019
- ✓ Developed, enhanced and tailored international student admissions and marketing plan
- ✓ Achieved highest September student intake (Sep 19) in a challenging and highly competitive Dubai higher education market
- ✓ Launched a host of new virtual events and other recruitment initiatives
- ⊕ Continuing assessment of international expansion
- ⊕ Identifying cost saving initiatives for FY 2021



#### Corporate Finance

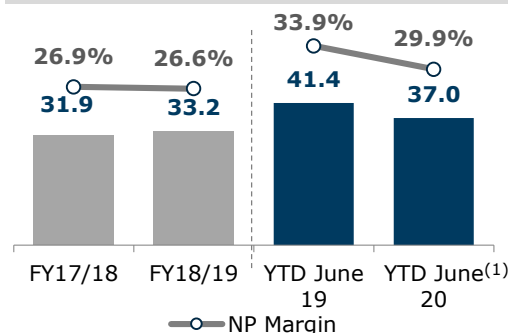
- ✓ Distributed a AED 38 mn dividend in June 2020
- ⊕ Optimizing capital structure to fund growth initiatives



#### Corporate Governance

- ✓ Completed review and audit of the financial policies and procedures
- ✓ Initiated a risk assessment of all functions within the organization to develop a 3 year audit plan
- ⊕ Establishing governance structure through Board and Committees

### Net Profit | AED MN



(1) YTD June figures represent ten months of operation from August 2019 – June 2020.



## Investor Relations Contact

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