

# Amanat Holdings PJSC Announces 1H-2021 Results

**15 August 2021 | Dubai |** Amanat Holdings PJSC (“**Amanat**” or the “**Company**”), the GCC’s largest healthcare and education investment company, announces its consolidated financial results for the first half ended 30 June 2021. The Company reported total income of AED 255.6 million, a significant nine-fold increase from the AED 28.2 million in 1H-2020, while income from investments similarly grew at a stellar pace to AED 251.9 million versus AED 21.3 million this time last year. The impressive performance filtered down to the Company’s bottom-line profitability with net profit of AED 235.3 million in 1H-2021 compared to AED 0.6 million in the same period last year.

The impressive expansion comes on the back of strong results reported by both Amanat’s healthcare and education platforms as operations continue to witness growth and rebound from lows recorded in the first half of last year following the outbreak of COVID-19. The Company’s profitability was also bolstered by the AED 160.0 million gain on sale of Amanat’s share of Taaleem Holdings in April 2021, along with robust contributions made from Amanat’s new healthcare investment, Cambridge Medical and Rehabilitation Center (“CMRC”).

Excluding the impact from Taaleem’s gain on sale, net profit would record AED 75.3 million emphasizing the strong and sustained recovery when compared to the same period last year and reflecting management’s cost optimization and efficiency efforts. Amanat’s total expenses stood at AED 20.2 million in 1H-2021, down by 26.8% y-o-y.

## Summary Financial Results

AED mn	1H-20	1H-21	Change
<b>Income from Investments<sup>1</sup></b>	21.3	251.9	N/A
Healthcare	-38.7	19.2	N/A
Education <sup>2</sup>	60.0	232.8	288.2%
<b>Interest &amp; Other Income<sup>3</sup></b>	6.9	3.6	-48.0%
<b>Total Income<sup>4</sup></b>	28.2	255.6	806.4%
Total Expenses	27.6	20.2	-26.8%
<b>Net Profit</b>	0.6	235.3	N/A
<i>Net Profit Margin</i>	2.1%	92.1%	90.0pts

<sup>1</sup> Includes share of results from associates, net profit from subsidiaries & Finance Lease income excluding NCI.

<sup>2</sup> Assets under Amanat’s education platform have a fiscal year ending on the 31st of August and thus Amanat’s consolidated results for the six months ended 30 June 2021 reflect six-month results (January 2021 to June 2021) from the education platform’s fiscal year ended 31 August 2021. <sup>3</sup> Includes share of results from associates, net profit from subsidiaries, finance income, interest & other operating income excl. NCI.

## 1H-2021 Highlights

### Total Income

AED **255.6** million

vs AED 28.2mn in 1H20

### Income from Investments

AED **251.9** million

vs AED 21.3mn in 1H20

### Net Profit

AED **235.3** million

vs AED 0.6mn in 1H20

### Cash Balance

AED **405.8** million

Strong Liquidity Position



**Commenting on the results, Amanat's Chairman, Hamad Alshamsi said:** "I am delighted with Amanat's performance in the first six months of the year, which saw us continue to deliver impressive growth across both platforms and profitability supported by our recent exit of Taaleem during last quarter, exemplifying our ability to realize value for our shareholders. The remarkable performance further highlights the underlying strength of our chosen industries and investments, and the effectiveness of our revamped corporate strategy. Our new multi-pillar strategy, rolled out at the start of 2021 to guide Amanat in this new chapter of growth and corporate development, is enabling us to fully capitalize on the post-COVID-19 rebound and is once again testament to our proven ability to drive long-term growth and value creation."

**Chief Executive Officer of Amanat, Dr. Mohamad Hamade added:** "During the second quarter of 2021, we continued to build on our strong start to the year and successfully delivered another set of remarkable results and a solid exit. At our healthcare assets, we are witnessing a strong and steady recovery in patient volumes from last year's lows, while the cost reduction and optimization initiatives introduced over the last twelve months continue to bear fruit. At our education platform, continued outperformance is fueled by growing student enrolments and our successful operational efficiency initiatives, which delivered strong returns even after excluding the gain on sale from the Taaleem exit. Meanwhile at the corporate level, we are continuing to further streamline our operations having laid the foundations for a stronger, leaner, and earnings-driven Amanat."

"Our priorities for the coming months remain unchanged as we look to drive further growth and profitability and deliver above market returns for our shareholders. Whether through new opportunities to further grow our platforms or through strategic exits that help us better align to our platform model, we will continue to focus on building fundamental and sustainable value for shareholders", Hamade concluded.

### Strategy Update

With the start of the new year, Amanat has 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 establishing and developing specialized platforms within selected verticals of healthcare and education; 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 begun deploying 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 investments front, Amanat made considerable progress in the first half of 2021. In February, the Company acquired 100% of Cambridge Medical and Rehabilitation Center ("CMRC") at an enterprise value of AED 871.3 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 acquisition not only strengthens Amanat's existing offering and gives it access to an established business with an impressive growth profile, it also demonstrates Amanat'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. CMRC immediately started contributing to Amanat's results, recording an 11% y-o-y increase in revenues in 1H-2021 and generating AED 21.8 million in income from investment in just the first four months since its acquisition. CMRC's acquisition was soon followed by the successful sale of Amanat's 21.7% stake in Taaleem Holdings which the Company completed on April 28 for a total value of AED 350 million. The divestment resulted in Amanat generating a total net 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%. The sale, which is Amanat's first exit in five years, sees the Company further optimize its portfolio, exiting a minority position and generating ample cash to invest in new opportunities which are more strategically aligned with Amanat's long-term vision.



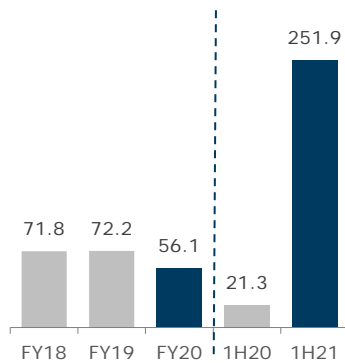
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Meanwhile, the Company is continuing to work closely with management teams across its existing investments to improve the portfolio companies' performances generating new value through a three-pronged approach covering corporate strategy, corporate finance and corporate governance. A prime example of the efficacy of Amanat's hands-on approach with its investments can be seen in the impressive turnaround delivered by long-term care provider Sukoon, which despite of the challenging operating environment faced over the last year generated a positive EBITDA in 1H-2021 with lower-than-expected net losses. These impressive results are directly attributable to management's turnaround strategy for the long-term care provider, which aims to (i) renovate its facility, (ii) reduce its cost base and (iii) develop new revenue streams, all of which continue to play a key role in growing patient volumes while simultaneously driving important cost savings. Moreover, across all its portfolio companies Amanat is working closely with management teams to implement targeted cost control initiatives to mitigate the adverse impacts related to the ongoing healthcare and economic crises and ensure they are ideally positioned to take advantage of the post-COVID-19 recovery. The effectiveness of these strategies was evident in the Company's 1H-2021 results, with cost savings and improved profitability reported across all its investments.

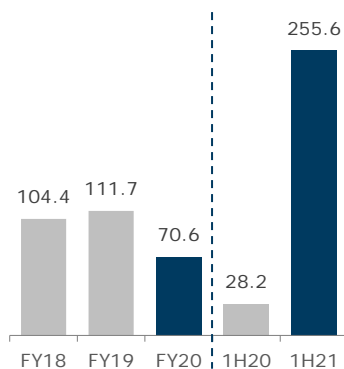
## Consolidated Financial Performance

**Income from Investments**  
(AED mn)



**Income from Investments** in 1H-2021 recorded AED 251.9 million, up remarkably from the AED 21.3 million recorded in the same six months of last year. The impressive growth was supported by both Amanat’s healthcare and education segments, which continued to rebound from last year’s slowdown. Amanat’s healthcare investments recorded income from investments of AED 19.2 million in 1H-2021 compared to a loss of AED 38.7 million in 1H-2020. The year-on-year improvement came on the back of robust results posted by all of Amanat’s healthcare investments coupled with an AED 21.8 million contribution from Cambridge Medical & Rehabilitation Center (“CMRC”), which was acquired by Amanat in February of this year. Meanwhile, at the education segment, income from investments posted a 288.2% y-o-y expansion to reach AED 232.8 million in 1H-2021. Strong growth was supported by all three of Amanat’s education investments and was further buoyed by the sale of Amanat’s stake in Taaleem Holdings (“Taaleem”).

**Total Income**  
(AED mn)



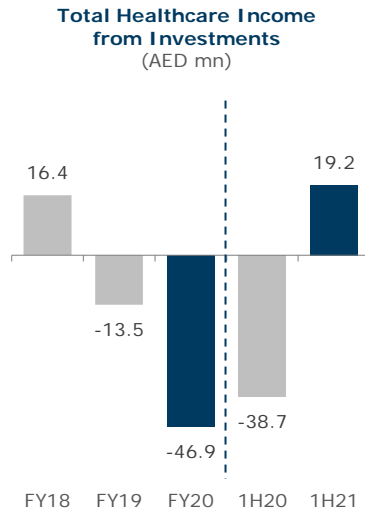
**Interest and other income** in the first six months of the year recorded AED 3.6 million compared with AED 6.9 million in 1H-2020. Interest income recorded AED 2.3 million in 1H-2021, down 58.6% y-o-y on account of a significant decline in interest rates, and the deployment of a substantial part of Amanat’s cash reserves for the CMRC acquisition in February of this year. The latter was partially offset by interest income generated by cash proceeds from the sale of Amanat’s stake in Taaleem completed in April of this year.

**Total Income**, which includes share of results from associates, net profit from subsidiaries excluding non-controlling interest, finance income, interest and other operating income, recorded AED 255.6 million in 1H-2021, up from the AED 28.2 million recorded in the comparable period of last year.

**Total expenses** stood at AED 20.2 million in 1H-2021, down 26.8% y-o-y. The decline continues to be driven by a reduction in staff costs for the period combined with lower G&A and project expenses. In 1H-2021, Amanat booked AED 10.1 million in staff costs, down from AED 13.0 million in the same six months a year ago. In parallel, G&A expenses decreased 40.9% y-o-y to AED 5.5 million, as management continued to keep a tight rein on general and administrative expenses throughout the period. Finally, project expenses declined to AED 958 thousand in 1H-2021 from AED 5.2 million this time last year.

**Net Profit** in 1H-2021 reached an all-time high of AED 235.3 million, compared to the AED 0.6 million net profit booked in the same period of 2020. The impressive expansion comes on the back of strong results reported by both Amanat’s healthcare and education platforms and was also bolstered by the AED 160.0 million gain on sale of Amanat’s share of Taaleem, along with robust contributions made from Amanat’s new healthcare investment, CMRC. Excluding the gain on sale from the exit of Taaleem as well as Taaleem’s share of income for the four-month period, net profit would record AED 70.1 million

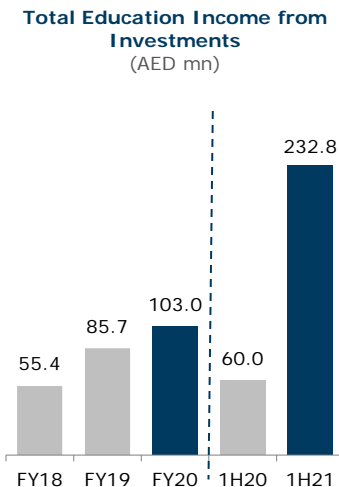
in 1H-2021 versus a net loss of AED 4.3 million in 1H-2020, signaling a sustained recovery on a like-for-like basis and reflecting management's cost optimization and efficiency efforts.



**Total cash and bank balances** stood at AED 405.8 million as at 30 June 2021, providing the Company with ample liquidity to pursue future investment opportunities to further optimize its current portfolio. Total cash and bank balances are down from AED 456.6 million as at year-end 2020, reflecting the deployment of a significant part of Amanat's cash reserves to acquire CMRC in February of this year. This was partially offset by the AED 350 million resulting from Amanat's successful divestment of its 21.7% stake in Taaleem.

### Healthcare Platform Financial and Operational Review

Amanat's healthcare investments recorded a profit from investment of AED 19.2 million in 1H-2021, a significant improvement from a net loss of AED 38.7 million in the comparable period of last year. The impressive turnaround came on the back of robust results posted by all of Amanat's healthcare assets, which witnessed sustained recovery in patient volumes following last year's COVID-19-related slowdown. The healthcare platform's results were further bolstered by the recent CMRC acquisition and its contribution beginning March 2021.



At Jeddah-based IMC, income from investment recorded AED 7.0 million in 1H-2021 compared to a loss of AED 4.5 million in the first six months of last year. Growth was supported by a 31.4% y-o-y increase in revenue as patient volumes continue expanding on the back of a general rebound of activity coupled with management's efforts to stimulate demand over the last twelve months. Growing patient volumes have also been supported by the expansion of IMC's service offering which has seen the addition of new and improved homecare, telemedicine, and ER services, as well as the effective use of First Clinic, with IMC transferring same day surgeries to the clinic to increase day-time utilization. IMC's results were also boosted by lower non-clinical staff costs for the first half of the year, resulting from the cost savings implemented to mitigate the impacts of COVID-19.

Amanat's loss from investment at Sukoon continued to narrow to near breakeven level, recording a loss of AED 178 thousand in 1H-2021 compared to the AED 22.2 million loss in the first six months of last year. Narrowing losses come as a direct result of the facility's restructuring and turnaround strategy, which saw Sukoon turn EBITDA positive in 2H-2020, combined with a robust recovery in patient volumes, with Sukoon's patient census standing at 125 in 1H-2021 versus 115 this time last year. The multi-pronged strategy, rolled out towards the end of 2019 by Sukoon's new management, looks to (i) renovate and expand facility, (ii) reduce its cost base and (iii) develop new revenue streams. It is important to note that while Sukoon's operational capacity has been scaled down temporarily from 130 beds to 125 beds due to the ongoing facility renovation works, once completed the upgraded facility will

have the potential to improve patient flow and increase the hospital's capacity to c.230 beds while improving efficiency.

At Royal Hospital for Women and Children ("RHWC"), losses from investment decline to AED 9.5 million in 1H-2021 from a loss of AED 12.0 million recorded last year. Narrowing losses are for the most part attributable to a 155.0% y-o-y increase in the hospital's revenue in 1H-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. Revenues were further buoyed by an agreement signed with the ministry of health for the provision of nurses to aid in the government's COVID-19 testing and vaccination campaigns. It is worth noting that the closure of the Saudi Arabian borders throughout the first six months 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.

Finally, CMRC, Amanat's latest healthcare investment, contributed AED 21.8 million in income from investment in the four months from March 2021. Between March and June 2021, CMRC's revenue expanded a solid 11% y-o-y, on the back of growing patient volumes. 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 1H-2021 performance, the new facility turned EBITDA positive in June 2021 and is expected to generate positive contributions in the second half of the year.

## **Education Platform Financial and Operational Review**

Amanat's education platform, recorded income from investments of AED 232.8 million in 1H-2021, up from the AED 60.0 million recorded during the same period last year. The improved performance was driven by higher income generated by all of Amanat's education investments combined with the AED 160.0 million generated from Amanat's sale of its stake in Taaleem. Excluding Taaleem's gain on sale and share of income, income generated by Amanat's education investments would stand at AED 67.6 million in 1H-2021, an increase of 22.7% from last year's AED 55.1 million figure.

Amanat's higher education provider ADUHC reported income from investments of AED 22.5 million in 1H-2021, an increase of 78.1% from the AED 12.6 million recorded in the first six months of last year. The robust improvements in ADUHC's profitability come on the back of increased tuition income, thanks to higher y-o-y student enrolments across all semesters, a materially improved performance in the training vertical, coupled with operational efficiency and discipline on costs. ADUHC's strong results are a testament to the success of management's efforts on continuously improving the academic standing of the institution and expanding the program portfolio through in-demand degrees aligned with the requests of the job market. The effective management of the COVID-19 emergency, including the successful transition to remote learning,

has obtained high levels of student satisfaction, further contributing to retaining and growing the student body.

Amanat's fully owned Middlesex University Dubai (MDX) recorded an income from investments of AED 28.7 million, up from the AED 27.6 million figure reported in the same period of last year. The year-on-year improvement comes on the back of growth in tuition income, thanks to a record-breaking student intake in January, which more than offset the decline in ancillary revenue for the period, which continued to be impacted by COVID-19. Key to the growth in enrolments, despite a challenging environment, were the new successful virtual initiatives and events launched for prospective students, a fully integrated multi-channel domestic marketing campaign, newly launched programs, as well as a dynamic blended online-offline model for academic provision. Additionally, the university's support for its students throughout a difficult AY 2019/20, played a key role in driving retention. Profitability was also aided by continuing efforts on cost management.

Finance lease income generated by the North London Collegiate School ("NLCS") recorded AED 16.4 million in 1H-2021, 10.7% above last year's figure. The increase comes on the back of the completion of phase one of the school's expansion project funded by Amanat, coupled with additional interest following a revision to its payment plan. During the past three years, NLCS witnessed significant growth, with enrolments reaching nearly 950 students as of September 2020. To accommodate for this, Amanat has financially supported NLCS funding its capacity expansion in a phased approach. The first phase of the expansion, which was completed in 2020, brought the total student capacity from c. 1,000 students to c. 1,700 students. Amanat has funded NLCS's expansion project with a total value of c. AED 33 million.

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### 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 International Medical Center (IMC), a 300-bed multi-disciplinary hospital based in Jeddah, Saudi Arabia; 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.

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