

Amanat Holdings PJSC Consolidated Results for 9M-2019

Amanat Holdings PJSC ("Amanat" or the "Company"), the GCC's largest healthcare and education investment company, announced its consolidated financial results for the nine-month period ended 30 September 2019 on November 3rd, 2019. The Company recorded an increase of 38% y-o-y in net profit to reach AED 33.4 million in 9M-2019, on total income of 75.0 million up 27% Y-o-Y. Income from investments reached AED 52.1 million, reflecting a 64% increase Y-o-Y.

Summary Financial Results

AED mn	9M-18	9M-19	Change
Income from Investments¹	31.7	52.1	64%
Healthcare	10.8	(7.3)	n/a
Education ²	20.9	59.4	185%
Other Operating Income	1.9	10.9	474%
Finance Income	25.7	12.0	(53%)
Total Income	59.3	75.0	27%
Operating Expenses	(35.0)	(41.6)	(19%)
Net Profit	24.3	33.4	38%
<i>Net Profit Margin</i>	<i>41%</i>	<i>45%</i>	<i>(4 pts)</i>

Commenting on the period's results, Amanat's Chairman said: "In line with our commitment to creating long-term value for our shareholders, the management has been consistent in delivering on strategic improvements across our healthcare and educations platforms which is reflected in the Company's solid performance. Amanat successfully deployed AED 1.2 billion in 2018 across multiple healthcare and education assets, strongly backing the increase in income from investments. This is testament to the strength of our investment strategy and further paves our roadmap towards building on our strong portfolio of assets. We are confident that Amanat's long term capital structure will continue to support us in delivering attractive returns in our chosen sectors with opportunities for creating value and driving growth, while ensuring revenue sustainability."

Chief Executive Officer of Amanat, Mr. Tristan de Boysson added: "We are pleased to report a continuous increase in our profitability. We continue to drive value and success across our healthcare and education platforms by proactively driving improvements on corporate strategy, corporate governance and corporate finance to strengthen our portfolio and drive sustainable profitability. Looking forward, we will selectively build our portfolio in the region to grow our platforms by creating scale, diversity and operational value through synergies."

Highlights

AED **75.0** million
Total Income

+27% y-o-y

AED **52.1** million
Income from Investments

+64% y-o-y

AED **33.4** million
Net Profit

+38% y-o-y / 45%
margin

458
Hospital Beds

+2% y-o-y

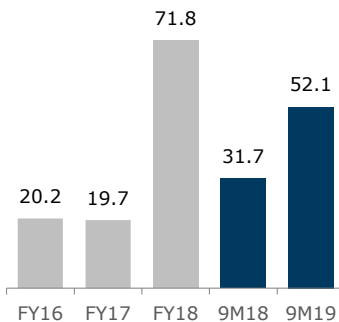
19,502
Enrolled Students

+17% y-o-y

¹ Includes share of results from associates (Sukoon, Taleem, IMC and ADUHC), share of net income from 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.

² 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-month period ended 30 September 2019 reflect eight-month results from the education platform's fiscal year ended 31 August 2019, plus one month of operation (September 2019) from the current fiscal year ending on 31 August 2020.

Income from Investments
(AED mn)



Consolidated Financial Performance

Income from Investments increased 64% y-o-y to AED 52.1 million in 9M-2019, with growth being primarily driven by contributions from Middlesex University Dubai (MDX), as well as higher finance lease income related to the real estate assets of the North London Collegiate Schools Dubai (NLCS).

Acquired during the second half of 2018, the fully-owned Middlesex University Dubai contributed AED 18.3 million to Amanat's income from investments for 9M-2019, as opposed to consolidating a loss from investment of AED 9.8 million in 9M-2018. The university's performance was driven by higher enrollments and revenues during the period.

Amanat's higher education provider the Abu Dhabi University Holding Company (ADUHC) contributed AED 8.8 million to income from investments in 9M-2019 compared to AED 10.9 million in 9M-2018, down 19% y-o-y as lower number of registered hours per student affected the university's top-line.

Amanat's K12 and early education platform, Taaleem, contributed an income from investment of AED 11.7 million in 9M-2019 compared to AED 12.8 million in 9M-2018, down 10% y-o-y due to an impairment of cash equivalent on Amlak Wakala deposits.

Meanwhile, finance lease income generated by NLCS recorded AED 20.6 million in 9M-2019, versus 9M-2018 figure of AED 6.9 million and driving the education platform's total investment income to AED 59.4 million in 9M-2019, a 185% y-o-y increase.

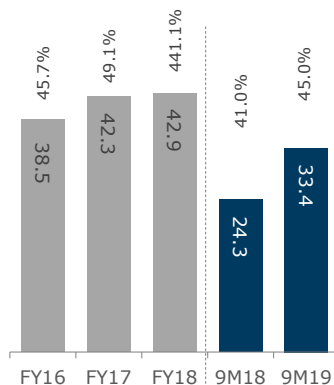
Improved performance at the education platform helped offset the negative contribution to income from investments from the Royal Hospital for Women & Children (RHWC), which is currently in its ramp-up phase and successfully commenced operations in March 2019. Located in the Kingdom of Bahrain, RHWC has a 28-bed capacity.

Meanwhile, Sukoon recorded a loss from investment of AED 2.3 million in 9M-2019 as the long-term care provider's revenues declined 24.4% y-o-y. Lower revenues were due to lower reimbursement prices as well as lower patient volumes and referrals from the Saudi Arabian Ministry of Health (MoH).

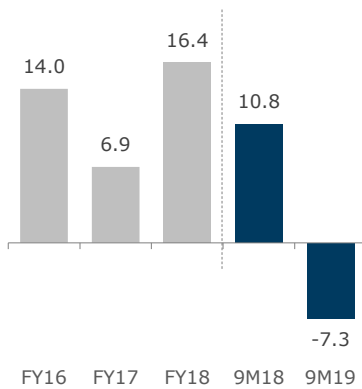
Finally, the Jeddah-based International Medical Center recorded an investment income of AED 9.9 million in 9M-2019 compared to AED 11.1 million in 9M-2018, down 11% y-o-y. Although IMC's revenues were flat y-o-y, net profit was impacted by the increase in costs due to the delay in the expansion plans.

Other operating income, which includes other investment activities, recorded AED 10.9 million in 9M-2019, up from AED 1.9 million in 9M-2018.

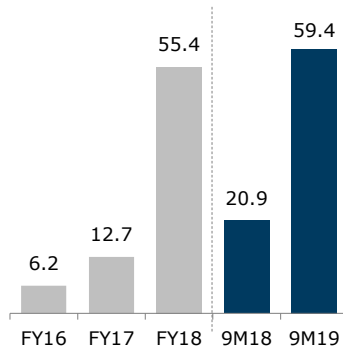
Net Profit
(AED mn / margin)



Total Healthcare Income from Investments
(AED mn)



Total Education Income from Investments
(AED mn)



Operating expenses for the nine-month period totaled AED 41.6 million in 9M-2019, up 19% y-o-y, however declining as a percentage of total income from 59% in 9M-2018 to 55% in the current period. Amanat-related staff costs accounted for AED 24.3 million in 9M-2019, up 24% y-o-y. The increase in staff costs was due to an adjustment of accounting treatment for staff costs which are now being accrued monthly since the start of 2019 versus at year end in 2018. The same accounting treatment impacted general and administrative expenses which increased 15% y-o-y to AED 12.8 million, while projects expenses amounted to AED 4.4 million, up from AED 4.1 million in 9M-2018. Projects expenses in 9M-2019 included transaction costs related to deals conducted FY-2018.

Finance income recorded AED 12.0 million in 9M-2019, down 53% y-o-y versus the AED 25.7 million in 9M-2018 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

Net profit for the nine-month period ended 30 September 2019 was AED 33.4 million, up 38% y-o-y compared to AED 24.3 million in 9M-2018. Net profit margin was 45% during the period, up from 41% in 9M-2018. Amanat's net profit excluding RHWC's ramp-up losses would have been AED 48.3 million, up 96% compared to the same period last year.

Total cash and bank balances stood at AED 572.3 million as at 30 September 2019, up from AED 569.3 million at year-end 2018 and representing 20% of Amanat's total assets. Cash balances held as at 30 September 2019 stood at AED 563.5, ready to be deployed on new investment opportunities.

Healthcare Platform Operational Review

Amanat's healthcare investments include 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; and the Royal Hospital for Women and Children (RHWC), a world-class hospital for women and children located in the Kingdom of Bahrain.

Sukoon

Sukoon's 180-bed facility enjoys a solid reputation as an extended and critical care facility in Jeddah, paving the way for future expansion. Management has developed a turnaround strategy for the company which encompasses identifying new revenue streams and market positioning in customer segments and specializations. Management is also pushing through optimization strategies targeted towards efficient revenue cycle management and cost rightsizing.

International Medical Center (IMC)

IMC is currently implementing several cost-cutting initiatives to help boost profitability. Meanwhile on the business development front, Amanat successfully led a bolt-on acquisition in July 2019 of First Clinic, a medical complex in North Jeddah, with integration of assets with IMC across finance, operations and strategy departments currently underway. In parallel, management is working on the expansion of its existing facility through a 150-bed tower that is expected to add capacity across all sub-specialties and double the hospital's ICU and ER capacity.

Royal Hospital for Women and Children (RHWC)

RHWC commenced operations during Q2-2019 as a world-class hospital specialized in the provision of basic and advanced healthcare services for women and children. Located in the Kingdom of Bahrain, RHWC has a 28-bed capacity and is the only private facility in Bahrain with Level 3 NICU beds. Currently in the ramp-up phase, RHWC's growth initiatives include the onboarding of insurance providers and recruitment for open physician positions.

Market Outlook

The healthcare sector in the GCC is forecasted to grow at 6.7% CAGR by 2022, underpinned by a rapidly growing and aging population and a high prevalence of lifestyle diseases. These demographics are also supported by favorable regulation with the rollout of mandatory insurance and a shift from the public to the private sector for better service and lower costs. Furthermore, the supply of healthcare in the GCC continues to lag international benchmarks indicating potential for strong growth, particularly in specialized facilities. Amanat, with its focused approach to penetrate these GCC markets and develop platforms, is ideally positioned to capture this growing market potential.

Education Platform Operational Review

Amanat's education investments include Taaleem, a leading provider of K12 and early education in the UAE; Abu Dhabi University Holding Company, a leading provider of higher education, including undergraduate and post graduate studies, vocational training and corporate training with campuses in Abu Dhabi, Dubai and Al Ain; and Middlesex University Dubai, the first overseas campus of the internationally renowned Middlesex University in London. Amanat also owns the real estate assets of the North London Collegiate School in Dubai.

Taaleem

The K12 and early education platform has been pushing through cost-optimization initiatives, including an efficiency review of non-academic functions, to help drive profitability. As at the close of the nine-month 2019 period, Taaleem operated a total of eight K12 schools and two early education nurseries, with total number of students reaching 8,668 as at September 2019. Growth initiatives include the launch of second branch for Al Raha International School, expected to become operational by September 2020.

Middlesex University Dubai

Acquired by Amanat in August 2018, Middlesex University Dubai has c.3,200 enrolled students. Management is currently developing a three-year expansion strategy and has recently finalized a lease agreement for a new building in the Knowledge Park to accommodate student growth and the introduction of new programs. The University has already introduced eight new programs for the academic year starting September 2019.

Abu Dhabi University Holding Company (ADUC)

Since acquisition, Amanat has been pushing through several operational efficiency initiatives, including cost rightsizing and reassessment of program profitability per campus, amongst other cost-cutting efforts. As at 30 September 2019, ADU operated five campuses across Abu Dhabi, Al Ain and Dubai, with a total of 7,721 enrolled students.

North London Collegiate School Dubai (NLCS)

Amanat acquired the real estate assets of NLCS in March 2018 having presented an opportunity to invest in a stable asset class than can generate attractive yields and recurring income for the Company. NLCS is a premium International Baccalaureate ("IB") curriculum K-12 school located in the MBR City area of Dubai, with a total land area of 38,217 sqm and a built-up area of 41,143 sqm.

Market Outlook

The private sector education remains largely underpenetrated in the region and new government initiatives aimed at boosting private sector education is said to double the expected growth rate over the next five years, from USD 13 billion in 2018 to USD 26 billion by 2023.

About Amanat Holdings PJSC

Amanat Holdings PJSC is the region's largest integrated healthcare and education investment company with paid-up capital of AED2.5 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; and the Royal Hospital for Women and Children (RHWC), a world-class hospital for women and children located in the Kingdom of Bahrain. Amanat's education platform includes Taaleem, a leading provider of K12 and early education in the UAE; Abu Dhabi University Holding Company, a leading provider of higher education; and Middlesex University Dubai, the first overseas campus of the internationally renowned Middlesex University in London. Amanat also owns the real estate assets of the North London Collegiate School in Dubai, UAE.

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