

# Amanat Holdings PJSC Announces 1Q-2021 Results

15 May 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 quarter ended 31 March 2021. Amanat reported total income of AED 41.0 million in 1Q-2021, up 110.7% y-o-y and income from investments of AED 39.2 million, an increase of 153.7% versus the first quarter of 2020. Amanat reported a record-breaking net profit of AED 31.5 million for the quarter, a more than fivefold increase from the same three months a year ago.

## Summary Financial Results

AED mn	1Q-20	1Q-21	Change
<b>Income from Investments<sup>1</sup></b>	<b>15.5</b>	<b>39.2</b>	<b>153.7%</b>
Healthcare	-11.4	5.6	149.4%
Education <sup>2</sup>	26.8	33.6	25.2%
<b>Interest &amp; Other Income</b>	<b>4.0</b>	<b>1.8</b>	<b>-54.7%</b>
<b>Total Income</b>	<b>19.5</b>	<b>41.0</b>	<b>110.7%</b>
Total Expenses	13.7	9.5	-30.7%
<b>Net Profit</b>	<b>5.7</b>	<b>31.5</b>	<b>449.4%</b>
Net Profit Margin	29.5%	76.8%	47.3pts

Commenting on the quarter’s results, **Amanat’s Chairman Mr. Hamad Alshamsi said:** “In the first quarter of the year, Amanat reported record-high profitability on the back of a commendable turnaround of our healthcare portfolio and the continuous efforts to drive topline growth across our education investments. As such, the start of 2021 we began to reap the benefits of the strategic decisions taken during 2020 and we are also taking important steps to further optimize our portfolio. We successfully completed the acquisition of Cambridge Medical and Rehabilitation Center in February and have divested our stake in Taaleem Holdings most recently.”

“We look forward to continuing on a very promising trajectory in the start to the year, as we drive further improvement in our portfolio’s performance, integrating further investments to continue building specialized platforms and build scale and synergy for future monetization.” **Alshamsi added.**”

## 1Q-2021 Highlights

### Total Income

AED **41.0** million

+110.7% y-o-y

### Income from Investments

AED **39.2** million

+153.7% y-o-y

### Net Profit

AED **31.5** million

+449.4% y-o-y

### Cash Balance

AED **64.9** million

Strong Liquidity Position

<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 three months ended 31 March 2021 reflect three-month results (January 2021 to March 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.

**Chief Executive Officer of Amanat, Dr. Mohamad Hamade added:** “2021 is off to a strong start as we recorded remarkable operational and financial results. Our performance was supported by a continued post-COVID-19 recovery across both industries, the strength of our platforms, and the success of our turnaround and growth strategies across our investments. Our first quarter performance is also partially the result of the strategic decisions taken throughout FY-2020 which saw us successfully navigate the incredible operational difficulties and lay the foundations for a stronger, leaner, and growth-oriented Amanat.”

“Our guiding principles have enabled us to expand our portfolio of investments, increase our assets under management, strategically divest holdings that have limited integration with our platform-model, as well as create the liquidity required to further invest in influential stakes in the healthcare and education sectors, **Hamade added.**”

### Strategy Update

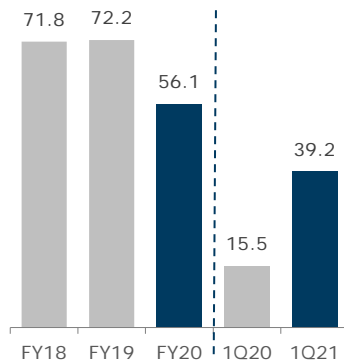
With the start of the new year, Amanat has entered a new development phase steered by a set of guiding principles formulated under the guidance of the Company’s Board of Directors. These guiding principles include the establishment and development of specialized platforms across the Company’s two chosen 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 deliver on these objectives, Amanat will deploy a series of strategic initiatives aimed at improving its portfolios’ performance and profitability, accelerate investments in high-yielding assets, and further optimize its capital structure.

On the optimization front, Amanat made significant progress in the first quarter of 2021. In February, the Company acquired 100% of Cambridge Medical and Rehabilitation Center (“CMRC”) at an enterprise value of AED 851 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 provides 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. This was 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 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.

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. In 1Q-2021, Amanat’s efforts are best showcased in the improvements witnessed at Sukoon, with the company nearing net profit break even in 1Q-2021. This reflects success of 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 continues to work with management teams to implement targeted cost control initiatives to mitigate the adverse impacts stemming from the ongoing healthcare and economic crises and ensure they are ideally positioned to capitalize on the post-COVID-19 recovery.

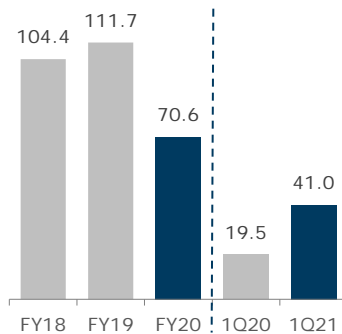
## Consolidated Financial Performance

**Income from Investments**  
(AED mn)



**Income from Investments** recorded AED 39.2 million in 1Q-2021, up 153.7% versus the first quarter of last year. The impressive growth came as both the healthcare and education segments reported strong income growth in first quarter of the year. Amanat's healthcare investments reported a positive income from investment of AED 5.6 million in 1Q-2021, versus a loss of AED 11.4 million in the comparable period of 2020. This reflects improved performance across all of the Company's healthcare assets, in addition to the positive impact of the Cambridge Medical & Rehabilitation Center ("CMRC") acquisition. Meanwhile at the education segment, income rose 25.2% y-o-y to AED 33.6 million on the back of higher income generated by Abu Dhabi University Holding Company ("ADUHC") and North London Collegiate School ("NLCS"). It is important to note that on 28 April 2021, Amanat successfully completed the sale of its 21.7% stake in Taaleem Holdings ("Taaleem") for AED 350 million.

**Total Income**  
(AED mn)



**Interest and other income** in the first quarter of the year recorded AED 1.8 million compared with AED 4.0 million in 1Q-2020. Interest income recorded AED 1.2 million in 1Q-2021, down 64.8% y-o-y on account of a significant decline in interest rates and the deployment of a substantial part of Amanat's cash on hand for the CMRC acquisition in February 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 41.0 million, up an impressive 110.7% versus the comparable period of last year.

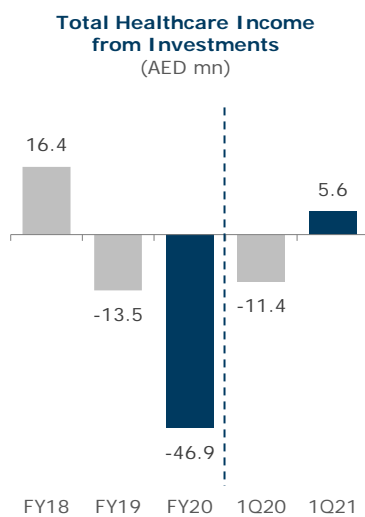
**Total expenses** recorded AED 9.5 million in 1Q-2021, a 30.7% y-o-y decrease. The year-on-year decline came on the back of a 23.9% decrease in staff costs for the quarter due to a reduction in headcount and lower bonus provision. In parallel, management continued to keep a tight rein on general and administrative expenses which decreased 42.0% y-o-y to AED 2.7 million in 1Q-2021 supported by lower travel and rent expenses for the period. Finally, project expenses declined 78.5% to AED 388 thousand on the back of cost containment initiatives and no expenses related to new investments during the period.

**Net Profit** in 1Q-2021 reached a new record-high of AED 31.5 million, up more than fivefold from the AED 5.7 million profit recorded in the first quarter of last year. Bottom-line profitability was supported by strong performances across both the Company's healthcare and education platforms and was further bolstered by Amanat's continued focus on cost reduction and optimization.

**Total cash and bank balances** stood at AED 64.9 million as a 31 March 2021, down from AED 456.6 million as at year-end 2020. This decline reflects the deployment of a significant part of Amanat's cash reserves to acquire CMRC in February of this year. It is worth noting that at the end of April 2021, Amanat

successfully completed the divestment of its 21.7% stake in Taaleem for AED 350 million, providing the Company with ample liquidity to pursue future investment opportunities that are more strategically aligned with Amanat's revamped strategy.

## Healthcare Platform Financial and Operational Review



Amanat's healthcare investments recorded a profit from investment of AED 5.6 million compared to a net loss of AED 11.4 million in the comparable period of last year. The turnaround came on the back of improvements recorded across all Amanat's healthcare assets as a result of improved patient volumes driven primarily by expanded service offerings and successful implementation of cost containment initiatives. Additionally, healthcare platform results were bolstered by the recent CMRC acquisition and its contribution beginning March 2021.

At Jeddah-based IMC, income from investment recorded AED 4.5 million in 1Q-2021 compared to a loss of AED 0.5 million in the same period last year. The increase came on the back of an 18.0% y-o-y rise in revenues as the post-COVID-19 recovery continued in the new year supported by management's efforts to stimulate patient volumes. Growing patient volumes have also been partially supported by the expansion of IMC's service offering including new and improved homecare, telemedicine, and ER services, as well as the effective integration of the First Clinic acquisition, with IMC transferring same day surgeries to the First Clinic thus increasing its day-time utilization. In parallel, IMC's performance was further boosted by lower non-clinical staff costs for the period, as management continues to execute on its cost containment strategy.

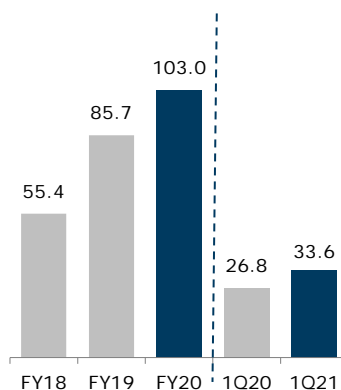
After breaking even at EBITDA level in 2H-2020, Sukoon continued to record quarter on quarter improvement, with Sukoon almost net profit breakeven (loss of AED 3 thousand compared to a loss of AED 4.4 million in the first quarter of last year) currently thanks to the success of the turnaround strategy which was spearheaded by Amanat and executed by Sukoon's new management towards the end of 2019 and aiming to (i) renovate and expand facility's bed capacity, (ii) optimize its cost structure and (iii) develop new revenue streams. While Sukoon's operational capacity has been scaled down temporarily 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 RHWC, early-stage operational losses from investment decreased significantly to reach AED 5.2 million in 1Q-2021 compared to a loss of AED 6.4 million in 1Q-2020. The improved performance is largely attributable to a 135% y-o-y increase in the hospital's revenue for the quarter to reach AED 4.7 million. Top-line growth came on the back of increased volumes and utilization across both the inpatient and outpatient segments following the launch of several new services and the successful ramp-up of other departments such as obstetrics, gynecology and general surgery. It is worth noting that the

continuing closure of the Saudi Arabian borders as part of the government's COVID-19 response protocols continues to weigh on revenues generated by RHWC's high-value departments such as cosmetology, bariatrics and IVF.

Finally, CMRC, Amanat's latest healthcare investment, contributed AED 6.2 million in income from investment just in the month of March 2021. The acquisition of CMRC offers Amanat a profitable and scalable business. Alongside Sukoon, CMRC has enabled Amanat to create the largest post-acute care platform in the GCC with nearly 500 beds across Abu Dhabi, Al Ain, Jeddah and Dhahran and the potential to increase demand-led capacity further. Core to Amanat's strategy, post-acute care is a specialized sub-sector ripe for public-private partnerships and growth in the region through geographic and service diversification with support from a strong and established management team and an asset light business model. Amanat will be incorporating a full quarter of CMRC's contribution starting in 2Q-2021, which is expected to further boost consolidated results for the remainder of the year.

Total Education Income from Investments  
(AED mn)



## Education Platform Financial and Operational Review

Amanat's education platform, recorded an income from investment of AED 33.6 million in 1Q-2021, up 25.2% from the AED 26.8 million figure recorded in the comparable period of last year. The improved performance was driven by a significant increase in income generated by Abu Dhabi University Holding Company ("ADUHC") and higher income at North London Collegiate School ("NLCS").

Amanat's higher education provider ADUHC recorded income from investments of AED 8.8 million in 1Q-2021, up from AED 2.5 million in the first quarter of last year. The strong improvement was driven by higher tuition income resulting from higher student intake compared to the previous year. Recruitment efforts have been further boosted by ADUHC's new online platform launched following the outbreak of COVID-19 as well as the very high levels of student satisfaction with distance learning witnessed throughout the past year which helped retain and grow ADUHC's student body. The continued enrolment growth was also driven by ADUHC's internationally competitive programs and prestigious accreditations, and further bolstered by the recently established College of Health Sciences. Profitability margins were enhanced by efficiency and cost optimization initiatives introduced across the past 18 months, which saw SG&A outlays decrease year-on-year despite the strong rise in revenues. Finally, improved financial control paired with lower interest rates, saw finance expenses almost halve versus last year.

Amanat's fully owned Middlesex University Dubai (MDX) recorded an income from investments of AED 12.8 million compared to AED 13.0 million in the same three months of last year. The marginal year-on-year decline comes as lower ancillary revenue for the year and higher bad debt provisions related to COVID-19 offset a solid c.3% growth in enrolments. Higher year-on-year student intake is a direct result of 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. Moreover, the university also supported its students in a situation of temporary financial distress by offering flexible instalment plans and relaxing protocols for overdue payments further driving re-enrolment rates.

At Taaleem, Amanat's K12 and early education platform, income from investment was AED 3.9 million for 1Q-2021, a 12.4% y-o-y decline. The drop is largely attributable to one-time charges including certain accounting charges related to the closure of one of the company's nurseries. Moreover, income from investment generated by Taaleem was further weighed down by additional COVID-19-related expenses booked during the period coupled with higher bad debt provisions in 1Q-2021. These more than offset the strong student enrollments witnessed in September, and improvements in the company's collection framework on the back of management's proactive initiatives. It is worth noting that Amanat completed the divestment of its 21.7% stake in Taaleem on 28 April 2021 for a total consideration of AED 350 million. Taaleem's sale is a significant milestone for Amanat and marks its first exit in five years at a very attractive return. It is in line with the Company's strategic objective to assess its existing portfolio and target new investment opportunities which are more strategically aligned to Amanat's investment strategy.

Finance lease income generated by the North London Collegiate School ("NLCS") recorded AED 8.1 million in 1Q-2021, up 17.4% y-o-y on the back of the school's expansion funded by Amanat and additional interest following a revision to its payment plan. During the past three years, NLCS witnessed a significant ramp-up, with enrolments reaching almost 950 students as of September 2020. To accommodate such growth, Amanat has financially supported NLCS to expand the school's capacity 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 NLCSs' expansion project with a total value of c. AED 33 million.

– Ends –



## About Amanat Holdings PJSC

Amanat Holdings PJSC is the region's largest integrated healthcare and education investment company with a 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 post-acute extended care and critical 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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