

# Amanat Holdings PJSC Announces 9M-2020 Results

**8 November 2020 | Dubai |** Amanat Holdings PJSC (“**Amanat**” or the “**Company**”), the GCC’s largest healthcare and education investment company, announces its consolidated financial results for the nine-month period ended 30 September 2020. Amanat recorded adjusted total income of AED 44.0 million down 32.1% y-o-y and AED 33.7 million in income from investments adjusted for non-recurring items in 9M-2020, down 30.4% y-o-y and adjusted net profit of AED 4.9 million, down 78.8% y-o-y.

Excluding adjustments, the Company recorded total income of AED 27.2 million in 9M-2020, down by 63.8% y-o-y and income from investments of AED 16.9 million, down 67.6% y-o-y. Amanat recorded a net loss of AED 11.9 million in the nine-month period, compared to a profit of AED 33.4 million in the same period last year.

On a quarterly basis, excluding one-off items, Amanat’s performance improved as losses from investments narrowed by 41.9% and net losses were flat y-o-y, with clear signs of recovery across both healthcare and education platforms.

## Summary Financial Results

AED mn	9M-19	9M-20	Change
<b>Income from Investments<sup>1</sup></b>	<b>52.1</b>	<b>16.9</b>	<b>(67.6%)</b>
Healthcare	-7.3	-42.2	High
Education <sup>2</sup>	59.4	59.1	(0.5%)
<b>Other Income</b>	<b>22.9</b>	<b>10.3</b>	<b>(55%)</b>
<b>Total Income<sup>3</sup></b>	<b>75.0</b>	<b>27.2</b>	<b>(63.8%)</b>
<b>Adjusted Total Income</b>	<b>64.8</b>	<b>44.0</b>	<b>(32.1%)</b>
Total Expenses	41.6	39.1	(6.0%)
<b>Net Profit</b>	<b>33.4</b>	<b>(11.9)</b>	<b>na</b>
Net Profit Margin	44.6%	-43.7%	na
<b>Adjusted Net Profit</b>	<b>23.2</b>	<b>4.9</b>	<b>(78.8%)</b>
<b>Adjusted Net Profit Margin</b>	<b>35.8%</b>	<b>12.3%</b>	<b>(23.5pts)</b>

**Commenting on the period’s results, Amanat’s Chairman H.E. Hamad Alshamsi said:** “We are witnessing a strong recovery beginning in the third quarter with the easing of restrictions. Our healthcare assets are ramping up operations and returning to full capacity, while our education platform kicked-off the academic year better prepared to offer a safe and enhanced learning environment.

We are aware of the challenges that lie ahead, however, we remain confident in Amanat’s resilience, agility and defensive portfolio that will allow it to continue delivering sustainable value over the long term. Meanwhile, our priority remains in protecting the health and safety of our staff and communities, while keeping a lookout for potential opportunities that may arise from the prevailing market conditions.”

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

<sup>2</sup> Assets under Amanat’s education platform have a fiscal year ending on the 31<sup>st</sup> of August and thus Amanat’s consolidated results for the nine months ended 30 September 2020 reflect eight-month results from the education platform’s fiscal year ended 31 August 2020.

<sup>3</sup> Includes share of results from associates, net profit from subsidiaries excluding NCI, finance income, interest and other operating income.

## Highlights

### Total Income

AED **27.2** million

-63.8% y-o-y

### Adjusted Total Income

AED **44.0** million

- 35.8% y-o-y

### Income from Investments

AED **16.9** million

- 67.6% y-o-y

### Adjusted Income from Invt

AED **33.7** million

- 30.4% y-o-y

### Net Profit (Loss)

AED **(11.9)** million

- 135.6% y-o-y

### Adjusted Net Profit

AED **4.9** million

- 78.8% y-o-y

### Cash Balance

AED **471.0** million

Strong Liquidity Position

**Chief Executive Officer of Amanat, Dr. Mohamad Hamade further added:** Chief Executive Officer of Amanat, Dr. Mohamad Hamade said: “Over the course of the third quarter we worked tirelessly with management across our portfolio companies to manage the challenges posed by the pandemic and ensure our assets are well-prepared for the post-COVID recovery.”

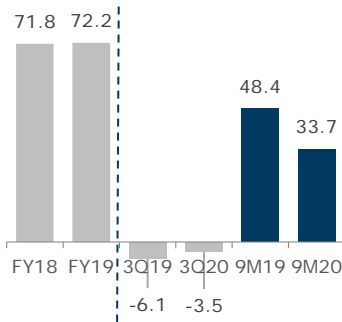
“Our healthcare platform has been witnessing a marked recovery beginning in the third quarter of the year as COVID-19 measures were eased. International Medical Center (“IMC”) returned to profitability and income from investment recorded AED 4.2 million in Q3-2020, reversing the loss of AED 4.5 million posted in the first half of the year. Similarly, Sukoon recorded a net loss of AED 0.8 million in Q3-2020 compared to a net loss of AED 6.2 million during the six-month period excluding non-recurring items. Factoring out these one-off charges, the healthcare platform recorded a loss from investment of AED 25.4 million for 9M-2020, primarily driven by ramp up costs at RHWC. We expect a continued turnaround at our healthcare platform through to year-end, particularly as IMC returns to optimal operational levels, Sukoon completes its restructuring program and RHWC’s reached full operational capacity.”

“The impact of COVID-19 was less profound across our education platform thanks to our subsidiaries ability to shift swiftly to online and distance learning. Overall, our education platform proved resilient with stable adjusted income from investments during the nine-month period of AED 59.1 million, up 6.1% y-o-y and better than expected enrolments for the new academic year across our secondary and higher education assets. This comes despite lower ancillary revenue from Middlesex University Dubai (“MDX”) and discounts offered by Taaleem.”

“At the corporate level, total staff and G&A expenses declined by 15.4% y-o-y to AED 31.4 million in 9M-2020 versus the AED 37.2 million recorded in 9M-2019. Our financial position remains strong with ample liquidity in excess of AED 470 million, placing us in a unique position to seize opportunities that may arise from prevailing market conditions. At Amanat, we believe that the best approach to investing in the regional healthcare and education sectors is to target companies which can be leveraged as platforms and extract synergies with our current portfolio. Recognizing the importance and relevance of digital transformation in today’s markets, we are particularly focused on capturing opportunities that deepen our presence in the digital space and strengthen our nascent EdTech and HealthTech offerings.” **Hamade concluded.**”

## Consolidated Financial Performance

Adjusted Income from Investments  
(AED mn)



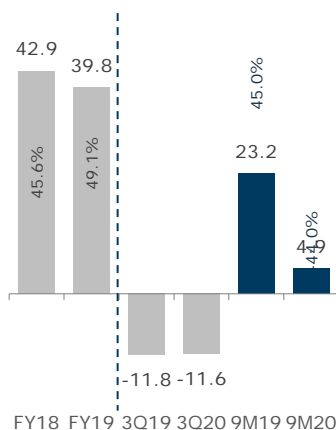
**Income from Investments** in 9M-2020 recorded AED 16.9 million, down 67.7% y-o-y primarily on account the COVID-19 outbreak.

Restrictive measures to contain the spread of COVID-19 particularly impacted the healthcare assets with the suspension of elective treatments and surgeries during the first half of the year. However, during 3Q-2020, Amanat's healthcare assets witnessed a marked recovery, with the Jeddah-based International Medical Center ("IMC") returning to profitability and as losses narrowed significantly at Amanat's long-term care provider Sukoon, further supported by the ongoing restructuring.

At IMC, the hospital booked a loss from investment of AED 0.3 million in 9M-2020 compared to AED 9.9 million in 9M-2019. This was driven by a decline in revenues due to lower outpatient and elective surgery volumes in the first half of the year due to the pandemic. However, the hospital's performance during 3Q-2020 marked a significant improvement from the loss of AED 4.5 million booked during the first half of the year. In 3Q-2020, IMC delivered an income from investment of AED 4.2 million, as revenues recovered fully with the lifting of COVID-19 related restrictions.

Meanwhile Sukoon booked a loss from investment of AED 23.8 million in 9M-2020 compared to a loss of AED 2.3 million in the same period last year. It is worth noting that Sukoon's results reflect a one-off non-cash provision of AED 16.8 million related to ageing receivables. Factoring out these one-off charges, Sukoon records a loss from investment of AED 7.0 million during the nine-month period, impacted by lower pricing as a result of adjusted Ministry of Health pricing and lower acuity mix in the facility's offered services. On a quarterly basis, however, Sukoon posted a loss from investment adjusted for one-offs of AED 0.8 million compared to a loss of AED 2.0 million in the same quarter last year on account successful restructuring.

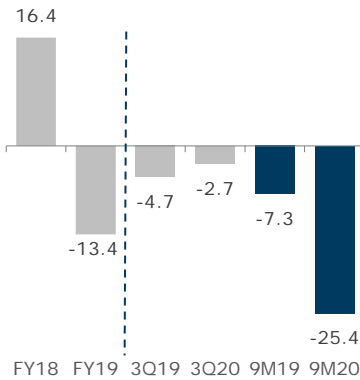
Adjusted Net Profit  
(AED mn / margin)



Finally, RHWC delivered significant growth in top-line to AED 7.9 million in 9M-2020 compared to AED 1.9 million in the same period last year, reflecting higher inpatient and outpatient volumes as well as the activation of 90% of the hospital's services. Nonetheless, the hospital remains in the ramp-up phase with increased costs related to the hiring of physicians and set up of departments. This was further delayed by COVID-19 restrictions, consequently RHWC recorded a loss from investment of AED 18.1 million during the nine-month period versus AED 14.9 million in 9M-2019. On a quarterly basis, however, RHWC's loss from investment narrowed from AED 6.6 million in 3Q-2019 to AED 6.1 million in the three-months ended 30 September 2020.

At Amanat's education platform, the impact of COVID-19 was less profound thanks to its subsidiaries ability to shift to online and distance learning and healthy enrollments with students who opted to stay in-country. Overall, adjusted income from education investment witnessed a 6.1% increase y-o-y in 9M-2020 recording AED 59.1 million compared to AED 55.7 million in the same period last year. This comes despite lower ancillary revenue at MDX and discounts offered by Taaleem.

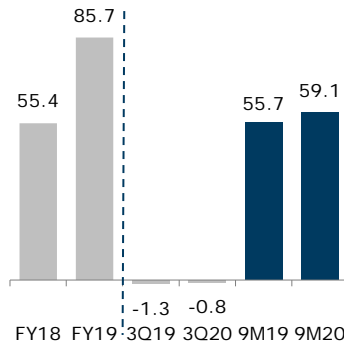
**Adjusted Total Healthcare Income from Investments**  
(AED mn)



Amanat's fully owned Middlesex University Dubai (MDX) recorded an income from investments of AED 13.2 million in 9M-2020, down 27.9% y-o-y. The decline was largely driven by the recognition of unearned revenue in 3Q-2019 of AED 3.7 million, which were subsequently reversed and recorded in October 2019. Adjusting for these amounts, MDX's income from investment would record a 10.0% y-o-y decline, mainly due to lower revenue from student accommodation during the summer, higher discounts, and lower ancillary revenue.

At Taaleem, Amanat's K12 and early education platform, income from investment declined 60.7% y-o-y to AED 4.6 million in 9M-2020. The decline reflects the offering of discounts for the third school-year term ranging from 20-25% to support the parents and the community during COVID-19. Overall, said discounts amounted to c. AED 30 million, and had a negative impact on margins. Nonetheless, Taaleem witnessed better than expected collections and enrollments in September and better collections in third term of the 19/20 academic year thanks to the management's proactive initiatives.

**Adjusted Total Education Income from Investments**  
(AED mn)



Amanat's higher education provider Abu Dhabi University Holding Company ("ADUHC") recorded over a twofold increase in income from investments from AED 8.8 million in 9M-2019 to AED 18.7 million in 9M-2020. The strong results follow a robust performance across the year and particularly in the summer semester, where more students opted to stay in-country and enroll in summer courses. The strong performance was aided by initiatives to increase recruitment, including launch of an enrolment taskforce for the summer, an enhanced website, as well virtual events and community work. Good satisfaction ratings for the distance learning helped support the university's top-line during these challenging times. Finally, efficiencies and cost optimization initiatives resulted in improved profitability margins versus the same period last year.

Finance lease income generated by the North London Collegiate School ("NLCS") recorded AED 22.7 million in 9M-2020, up 9.9% y-o-y.

**Interest and other income** in 9M-2020 reached AED 10.3 million compared with AED 22.9 million in the same period last year. Interest income recorded AED 8.1 million in 9M-2020, a 32.8% y-o-y decline on account of a decline in interest rates.

**Amanat's 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 27.2 million in 9M-2020, down by 63.8% compared to the AED 75.0 million booked in the same period last year. Amanat recorded adjusted total income of AED 44.0 million, down 32.1% y-o-y.

**Total expenses** declined by 6.0% y-o-y to AED 39.1 million in 9M-2020 versus the AED 41.6 million recorded in 9M-2019. The decline was driven primarily by lower staff costs, which recorded a 25.1% y-o-y decrease to AED 18.2 million. Lower staff costs also helped offset an increase in project costs from AED 4.4 million in 9M-2019 to AED 7.6 million in 9M-2020 due to a series of investment and exit opportunities in the period.

**Amanat recorded a net loss** of AED 11.9 million in 9M-2020 compared to a profit of AED 33.4 million in the same period last year. Bottom-line profitability was impacted by lower contributions from the healthcare platform due to the impact of COVID-19, coupled with stable contribution from the education platform. It is also worth noting that the loss reflects a one-off non-cash provision of AED 16.8 million related to Sukoon's ageing receivables. Excluding this one-off provision, Amanat would have turned a net profit of AED 4.9 million in 9M-2020.

**Total cash and bank balances** stood at AED 471 million as at 30 September 2020 ready to be deployed on new investment opportunities. This reflects a decline from the AED 522.7 million recorded at year-end 2019, with AED 27.5 million utilized for NLCS' campus expansion as well as the distribution of dividends for the year 2019.

### 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.*

#### International Medical Center (IMC)

To better manage the impact of COVID-19, IMC expanded services such as homecare, telemedicine, and expanded ER services to offset lower patient volumes. The hospital has also enhanced its call center capabilities to promote a backlog of future appointments for surgeries and other deferred medical procedures. IMC also successfully begun capitalizing on its bolt-on acquisition of First Clinic in July 2019 – on which Amanat played an instrumental role – transferring same day surgeries to the clinic to increase day-time utilization. During Q3 management increased working hours to accommodate deferred treatments increasing demand during the 3-month period after witnessing a record spike in patients post pandemic restrictions being eased. Furthermore, management reactivated long-term growth plans to expand capacity via the new 150-bed tower project.

#### Sukoon

Sukoon's new management assumed responsibility of the turnaround strategy toward the end of 2019. The strategy aims to (i) renovate its facility, (ii) reduce its cost base and (iii) develop new revenue streams. With the refurbishment effort fully underway, Sukoon's operational capacity has been scaled down temporarily from 130 beds to 120 beds in addition to the adoption of a new price list from the Ministry of Health. Once completed, the upgraded facility has the potential to improve patient flow and increase the hospital's capacity to c.200 beds while improving efficiency. Going forward, the team will continue to identify new revenue streams and diversify the hospital's client base across remote patient management and homecare. The strategy also includes continued efforts on cost-savings as well as improving collections. Additionally, Sukoon's new management has completed a comprehensive reconciliation of accounts receivable identifying c. SAR 52 million in aged receivables which were already provided for during 9M-2020.

#### Royal Hospital for Women and Children (RHWC)

RHWC successfully commenced operations ahead of schedule in March 2019 and has since completed its funding requirements, recruited its full clinical team and launched 90% of its service portfolio including obstetrics, pediatrics, emergency care, bariatric, urology, orthopedics and In Vitro Fertilization (IVF) amongst others. During the period, restrictions on elective surgeries due to COVID-19 led management to focus on OBGYN, pediatrics and ER services, while simultaneously implementing cost cutting measures and tapping into government support schemes. Management is also exploring partnerships with visiting international and regional surgeons to offset a shortage in physicians in the local market. The hospital continues to work towards enabling its full-service portfolio by year-end 2020, hiring vacant positions and setting up departments.

## 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 (ADUHC), 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 (MDX), 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 (NLCS).*

### Taaleem

Taaleem's schools successfully shifted to e-learning during the 2019/20 academic year in-line with regulatory requirements due to COVID-19. The company delivered a strong September intake thanks to effective recruiting and retention initiatives, managing to retain the vast majority of its students that remained in the UAE, while taking market share from competition. This was further supported by the inauguration of Phase 1 of the Raha Khalifa City school campus for the 2020/2021 academic year, welcoming nearly 300 new students and expanding Taaleem's footprint in Abu Dhabi. The campus will ultimately have a capacity of over 3,000 students and will be completed in September 2021. Moving forward, Taaleem will continue to implement its expansion strategy by assessing potential add-on acquisitions, which combined with the cost-optimization initiatives, are expected to drive medium and long-term value creation. In parallel, Amanat will support Taaleem in optimizing its capital structure and exploring options to fund its growth. Moreover, Taaleem will maintain its commitment to academic excellence, which should translate into high school ratings by the regulator and enhance the group's reputation in the market.

### Middlesex University Dubai (MDX)

MDX witnessed a c. 6% increase in student enrollments for the 2019/20 academic year, driven by the launch of 9 new programs, including two LLM programs, a MSc in Robotics and a MSc in Investment Management. For the 2020/21 academic year, fall semester intake is still ongoing, with the university successfully capturing increased domestic enrollments as well as encouraging recruitment of international students wishing to begin the academic year remotely until COVID-19 travel restrictions are lifted and they can attend on-campus. This was aided by MDX's successful shift to distance learning and the launch of new virtual student recruitment activities and events. These comprised numerous new marketing initiatives, including: MDX Virtual Experience, MDX Dubai Schools Week, programme-specific virtual open days, parent Q&A sessions, Bespoke Campus Tours, etc. Flexible payment plans and relaxed missed payment protocols have been launched to encourage re-enrollment and support students in temporary financial distress. Management remains particularly focused on domestic student recruitment and student conversion from IFP (Foundation Program) to Undergraduate programs. Over the course of 2020, Amanat will continue assessing opportunities to optimize the university's capital structure, develop the business through new higher education opportunities and establish best-in-class corporate governance frameworks.

### Abu Dhabi University Holding Company (ADUHC)

With the onset of COVID-19, ADUHC launched a seamless transition to e-learning, utilizing virtual tools and focusing on providing a comprehensive e-learning experience to students. ADUHC developed an online platform for recruitment, enrolment and student support while maintaining academic support to enhance student performance and engagement, leading to very high levels of student satisfaction with distant learning. As such, ADUHC witnessed an unprecedentedly successful summer intake thanks to its internationally competitive programs and prestigious accreditations, which were further bolstered by the newly established College of Health Sciences. Amanat continues working with its partners at ADUHC on developing and implementing revenue growth initiatives, while ensuring an efficient cost base. Moving forward, ADUHC will continue to introduce new programs to meet the demands of the employment market, while focusing efforts on executing its international student recruitment strategy. As at 30 September 2020, ADUHC operated five campuses across Abu Dhabi, Al Ain and Dubai, with c.8,000

enrolled students. Meanwhile, ADUHC's relocation of the university's campus in Al Ain to a brand-new purpose-built facility is on track, with launch expected in the 2020/21 academic year.

#### **North London Collegiate School Dubai (NLCS)**

During the past two years, NLCS witnessed a significant ramp-up, with enrolments reaching c. 900 students as of September 2020. To accommodate such growth, NLCS Dubai has requested Amanat to expand the school's capacity in a phased approach. The first phase of the expansion is expected to bring total student capacity from c. 1,000 students to c. 1,700 students. As per previously agreed terms, Amanat is funding the project, with a total value of c. AED 33 million, of which AED 27.5 million has already been funded as at 30 September 2020.

Amanat acquired the real estate assets of NLCS in March 2018 as an investment 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.

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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 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 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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