

# Amanat Holdings PJSC Announces a 40% Increase in Net Profit for FY 2019

**13 February 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 year ended 31 December 2019. The Company recorded total income of AED 111.7 million in FY-2019, up 7.0% y-o-y and a net profit of AED 60.0 million up 39.8% y-o-y. The Board of Directors has proposed a cash dividend of 2.2 fils per share for the year ended 31 December 2019, subject to shareholders approval at Amanat’s Annual General Meeting to be held on 13 April 2020. The dividend represents the fifth consecutive payout to shareholders, distributed yearly since Amanat’s listing on the Dubai Financial Market at the end of 2014 and is 46.7% higher compared to FY-2018.

## Summary Financial Results

AED mn	FY-18	FY-19	Change
<b>Income from Investments<sup>1</sup></b>	<b>71.8</b>	<b>72.2</b>	<b>0.6%</b>
Healthcare	16.4	-13.5	-182.3%
Education <sup>2</sup>	55.4	85.7	54.8%
<b>Other Income</b>	32.6	39.5	21.2%
<b>Total Income<sup>3</sup></b>	<b>104.4</b>	<b>111.7</b>	<b>7.0%</b>
Total Expenses	61.5	51.7	-16%
<b>Net Profit</b>	<b>42.9</b>	<b>60.0</b>	<b>39.8%</b>
Net Profit Margin	41.1%	53.7%	1,260 pts

**Commenting on the year’s results, Amanat’s Chairman H.E. Hamad Abdulla Al Shamsi said:** “Throughout 2019 we remained focused on integrating and aligning our portfolio companies, both operationally and strategically, particularly after having deployed over AED 1.2 billion across four investments in 2018. The merits of our team’s efforts are clearly reflected in Amanat’s performance, and we are well positioned to capitalize on favorable legislative and economic trends in the regional healthcare and education sectors.”

“Domestically, we have built a diversified education platform that comprises four quality assets and that sees us fully aligned with the UAE’s 2021 vision of building a first-rate education system. On the healthcare front, we are excited to have brought the Royal Hospital for Women and Children (“RHWC”) to the fold, with the Bahraini asset now in its ramp-up phase, and

## Highlights

AED **111.7** million  
Total Income

+7.0% y-o-y

AED **72.2** million  
Income from Investments

+0.6% y-o-y

AED **60.0** million  
Net Profit

+39.8% y-o-y / 53.7% margin

**438**  
Hospital Beds

**19,700**  
Enrolled Students

<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 year ended 31 December 2019 reflect eight-month results from the education platform’s fiscal year ended 31 August 2019, plus four months of operation from their current fiscal year ending on 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.

we continue to provide our KSA healthcare assets with the resources necessary to capture the strong demand for quality healthcare services.”

“Amanat remains committed to its mission of being the partner of choice in healthcare and education, and we are confident that we have the capital structure, investment acumen and talent to allow us to deliver on our strategy and continue creating long-term value for our stakeholders.”

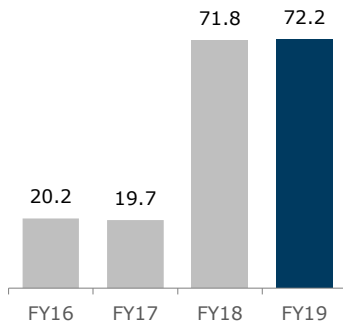
**Dr. Shamsheer Vayalil, Vice Chairman and Managing Director of Amanat,** added: “We are pleased to have delivered a strong set of results for FY 2019 which were driven by the solid performance of our Education Platform recording a 54.8% increase y-o-y. We have continued to build our platforms and our team has worked intensely with our portfolio companies to help advance their service offering and operational performance. We have made significant headway during the year which has enabled us to deliver a 39.8% year-on-year increase in our net profit supporting Amanat’s solid growth trajectory.”

“We remain optimistic on the macro-economic backdrop, which is supported by growing populations and a rising demand for education and healthcare services. Amanat stands uniquely positioned as a market consolidator and an investment vehicle that can tap into two of the region’s most resilient sectors.”

**Chief Executive Officer of Amanat, Mr. Tristan de Boysson further added:** “There have been a series of successful achievements in 2019 most notable of which include the launch of RHWC ahead of schedule in March and achieving by year end 90% progress in staffing its clinical teams and launching its services portfolio. This will support us in turning RHWC to profitability by late 2020. Our team has also successfully led a bolt-on acquisition of three medical facilities in Jeddah for International Medical Center (“IMC”). Meanwhile, across our education assets, Middlesex University Dubai (“MDX”) and Abu Dhabi University Holding Company (“ADUHC”) continue to grow enrollments and program offerings and North London Collegiate School Dubai (“NLCS”), our educational real estate investment, tripled student numbers in two years to nearly 800 students and is delivering a strong recurring income to Amanat.”

“We look forward to continue working with our portfolio companies to deliver growth and develop these assets into leading platforms in the region, while focusing on further deployment and debt raising to execute on a strong pipeline of opportunities. In parallel, management will continue to work on cost optimization and operational efficiency at the group level to help maintain our lean structure and maximize shareholder returns.”

**Income from Investments**  
(AED mn)



**Consolidated Financial Performance**

**Income from Investments** was broadly flat in FY-2019 at AED 72.2 million compared with 71.8 million in FY 2018. Strong growth at Middlesex University Dubai ("MDX"), Abu Dhabi University Holding Company ("ADUHC") as well as higher finance lease income from North London Collegiate School in Dubai ("NLCS") helped offset weaker performance from Sukoon and the initial expected losses at the Royal Hospital for Women and Children ("RHWC") during its ramp up phase.

Acquired during the second half of 2018, the fully-owned MDX contributed AED 23.6 million to Amanat's income from investments for FY-2019, up almost threefold compared to the AED 6.8 million contributed to Amanat in FY-2018. Improved financial performance came as MDX continued to witness higher enrollments following the introduction of new programs and supported by the recent lease agreement to expand the university's capacity in September 2020 by c.1000 students. This builds on MDX's ongoing efforts to increase the number of transnational students in the region.

Amanat's higher education provider ADUHC contributed AED 20.9 million to income from investments in FY-2019, up 21.3% y-o-y and representing a full financial year of income compared to nine months in FY-2018.

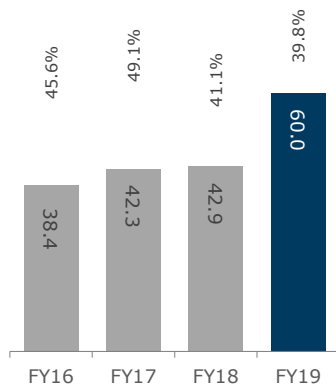
Amanat's K12 and early education platform, Taaleem, contributed an income from investment of AED 14.5 million in FY-2019, down 19.3% y-o-y due to the hiring of additional teachers in anticipation of growth in the number of students followed by a 4% y-o-y decline in student enrollments in the academic year starting September 2019 during the transition period of the new management 2019. Taaleem's profitability was also affected by an impairment on deposits related to the real estate of a school.

Meanwhile, finance lease income generated by NLCS recorded AED 26.7 million in FY-2019, up 99.3% y-o-y after contributing a full year of returns versus six months in FY-2018. This helped drive the education platform's total income from investment to AED 85.7 million in FY-2019, up 54.8% y-o-y.

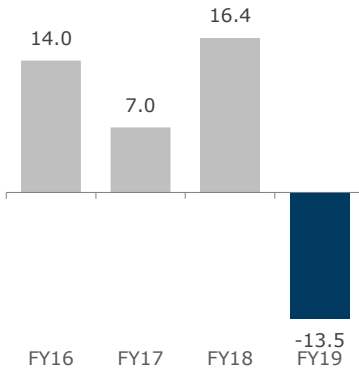
Improved performance at the Education Platform helped offset the expected negative contribution to investment income from RHWC, which successfully commenced operations in March 2019 and is currently in its ramp-up phase. RHWC has successfully launched 90% of the hospital's medical services, completed the recruitment of the clinical team and signed with key insurance companies, all of which should support the growth of higher patient footfall going forward.

Sukoon recorded a loss from investment of AED 7.3 million in FY-2019. The y-o-y decline of the long-term care provider was driven by the initiation of a full refurbishment of the facility which reduced existing capacity. Additionally, a re-categorization of patient treatments by the Ministry of Health in August 2019 led to a requirement to reduce prices.

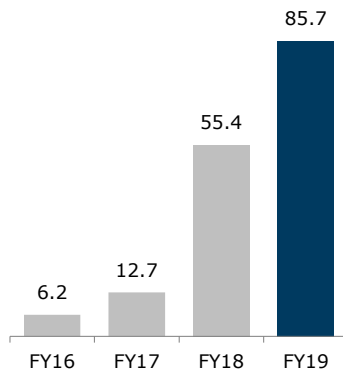
**Net Profit**  
(AED mn / margin)



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



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



Finally, the Jeddah-based International Medical Center (“IMC”) recorded an investment income of AED 14.2 million in FY-2019, down 14.9% y-o-y. IMC’s net profit in FY-2019 was up 0.4% after excluding a one-off item in FY-2018 related to changes to the accounting treatment of pensions which resulted in the increase of net profit.

**Interest and other income**, in FY-2019 reached AED 39.5 million compared with AED 32.6 million in FY-2018. Other investment activities, recorded AED 23.6 million in FY-2019, up from AED 2.5 million in FY-2018 on account of fees received from MDX as well as the reversal of a contingent consideration on Amanat’s balance sheet of AED 20.2 million related to the earn out paid to Abraaj for the investment in MDX and income from REIT investment. Interest income recorded AED 15.9 million in FY-2019, a 47.1% y-o-y decline 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.

**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 111.7 million in FY-2019, up 7% compared to the AED 104.4 million booked in FY-2018.

**Total expenses** recorded AED 51.7 million in FY-2019, down by 16.0% y-o-y versus the AED 61.5 million recorded in FY-2018. Lower expenses came as Amanat recorded an 10.6% decline in staff costs to AED 29.2 million, and an 8.5% decline in G&A expenses to AED 16.7 million following cost reduction initiatives taken by management at the Holding level. Project expenses also declined 45.3% to AED 5.8 million from a high level recorded in 2018 with the deployment of AED 1.2 billion. Total expenses as a percentage of total income declined to 46.3% in FY-2019 compared to 58.9% in FY-2018.

**Net profit** for the year stood at AED 60.0 million in FY-2019, up 39.8% y-o-y reflecting the company’s 7.0% increase in total income and 16.0% decline in operating expenses. Accordingly, net profit margin expanded by 12.6 percentage points to 53.7% in FY-2019. It is worth noting that bottom-line profitability excluding RHWC’s ramp-up losses would have been AED 80.5 million, up 81.2% compared to the previous year.

**Total cash and bank balances** stood at AED 522.7 million as at 31 December 2019, down from AED 543.9 million at year-end 2018 at the holding level 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.*

### **International Medical Center (IMC)**

During the year, Amanat has been instrumental in supporting IMC in its growth plans. In July 2019, Amanat led the bolt-on acquisition of First Clinic, a medical complex in North Jeddah. Furthermore, management has initiated the expansion of the hospital by building a 150-bed tower, expected to add capacity across key sub-specialties and double the hospital's ICU and ER capacity. Looking ahead, IMC will continue to implement several cost-cutting initiatives, and evaluating growth options to be funded by the company's internal resources.

### **Sukoon**

In 2019, Sukoon initiated a turnaround strategy aiming to (i) renovate its facility, (ii) reduce its cost base and (iii) develop new revenue streams. As a result of the facility revamp, which will be fully funded by the company's internal resources, Sukoon temporarily scaled down capacity from 130 beds to 110 beds. Once completed, the upgraded facility has the potential to improve patient flow and increase the hospital's capacity while improving efficiency, strongly supporting management's objectives in the hospitals' successful turnaround. Going forward, the team will continue to identify new revenue streams and diversify the hospital's client base. The strategy also includes continued efforts on cost-savings as well as improving collections and revenue cycle management, optimizing its capital structure and augmenting senior management with new talent that can deliver on those strategies.

### **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 year, Amanat was able to support RHWC in implementing strong governance frameworks, defining operational and financial KPIs for the management as well as agreeing commercial terms with several insurance companies accounting for c.60% market share. The hospital successfully celebrated the birth of the 100th baby in December 2019 after only eight months of operations. The hospital is now working towards enabling its full-service portfolio by year-end 2020 and is evaluating further expansion into new specialties. On the business development front, management is working on attracting both visiting physicians of high repute from across the region as well as medical tourists, with the hospital expected to turn profitable by late 2020.

### **Market Outlook**

The healthcare sector in the GCC is forecasted to grow at 6.6% 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 (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**

Key developments during the year at the K12 and early education platform included the recruitment of a new Chief Executive Officer as well as several key leadership positions. The new management team along with Amanat have completed the development of an expansion strategy, which was initiated by commencing the construction of a second branch for Al Raha International School in Abu Dhabi. Phase 1 of the fully funded branch school is expected to become operational in September 2020, with the launch of early-education grades FS1 and FS2. Additionally, with Amanat's input and support, management has identified areas for cost optimization, with implementation expected in FY-2020. 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 with formulating an optimal capital structure to fund its growth. Finally, Taaleem will continue investing on enhancing academic quality and school ratings, which will help drive student enrolment growth for the coming academic periods.

#### **Middlesex University Dubai (MDX)**

MDX had quite a strong year driven by both the increase in number of students by (9.5% YoY growth) as well as the launch of 9 new programs, including two LLM programs, a MSc in Robotics and a MSc in Investment Management. In October 2019, MDX finalized a lease agreement for a new building in Knowledge Park which will increase by September 2020 increase the University's capacity by 20%, c.1000+ students and help absorb the expected increase in intake. Furthermore, MDX has developed a solid marketing and international student growth plan which should support the steady increase in transnational students in the year ahead. During 2020, Amanat will continue working towards further optimization of the university's capital structure and establish best-in-class corporate governance frameworks. This will be carried out alongside ongoing efforts in identifying opportunities to provide higher education services across selected markets in the Middle East, Africa and Asia, supported by Middlesex University UK, with the objective of forming new branch campuses and the development of innovative multi-campus programs while maintaining the highest standards of quality for all students.

#### **Abu Dhabi University Holding Company (ADUHC)**

In 2019, ADUHC delivered key achievements starting with the launch of the College of Health Sciences in September as well as the introduction of new programs in Business and Engineering, solidifying its position as the market leader in Abu Dhabi's private higher education space. Additionally, ADUHC secured funding for the university's new campus in Al Ain which is expected to launch by September 2020. As at 31 December 2019, ADUHC operated five campuses across Abu Dhabi, Al Ain and Dubai, with over 7,500 enrolled students. On the operational front, Amanat has been working with its partners at ADUHC on the implementation of cost rightsizing initiatives and the assessment of program profitability per campus to help maximize returns. 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.

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

During the past 2 years, NLCS managed to triple the number of students to reach almost 800 as of September 2019, which triggered the decision to expand the school to accommodate an additional 1,000 students in a phased approach starting September 2020. Amanat will fund this expansion.

Note: Amanat acquired the real estate assets of NLCS in March 2018 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 education sector is also poised for growth. 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.

- Ends -

### **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.

### **Investor Relations Contact**

Sara Shadid

Head of Investor Relations

☎ +971 (0) 4 330 9999

✉ [investor.relations@amanat.com](mailto:investor.relations@amanat.com)

For further information visit: [www.amanat.com](http://www.amanat.com)