Initiation Report

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Amanat Holdings

Proxy play on GCC soft infrastructure. Initiate with Buy.

- **We initiate coverage on the largest integrated healthcare and education investment company in the GCC, with a Buy rating and FVE of AED 1.05/share (+31% upside) using SotP valuation benchmarked against regional peers on FY 21-22e P/E, EV/EBITDA, EV/student and EV/bed.**
- **Unique value proposition with a diversified portfolio spanning 8 companies in defensive non-cyclical industries with supply gap in specialty care and quality education.**
- **Key opportunities- market consolidation through M&A shaping strategic players of scale, flurry of Edtech and Medtech investments with telemedicine and remote learnings solutions in the spotlight.**

Amanat offers exposure to resilient industry profiles with increasing private sector participation, supported by demand for specialty care, rising need for quality education and growing emergence of public-private partnerships. The group has thus far deployed AED 2.1bn (84% of paid-up capital) in 8 companies (5 in education, 3 in healthcare) across the UAE, Saudi Arabia and Bahrain.

Cost-optimization is a recurring theme across both holding and portfolio companies as management pushes for digitization of workflows, implementing a series of staff restructuring measures while cutting administrative, travel and marketing costs. We forecast income from all 8 investments to grow at an FY 20-25e CAGR of 30% with the education portfolio (NLCS, MDX, ADUHC and Taaleem) generating c.84% of revenues on steady earnings growth conservatively penciled in at 3% (supported by normalized enrolments, despite pricing pressure) with 7% RoI. In parallel, income from healthcare investments should gradually converge with RHWC and Sukoon turning profitable in FY 21e, boosting average yields to c.6% by FY 25e.

We initiate on Amanat with a Buy at AED 1.05/share using the SotP valuation method highlighting the aggregate worth of the holding's disparate investments, assessed using individual DCF models, from which we discount the PV of holding-related SG&A. We benchmark our SotP against MENA healthcare and education peers, using FY 21-22e P/E, EV/EBITDA, EV/student and EV/bed at equal weights, and arrive at a FVE of AED 1.07/share.

Market consolidation is imminent and distressed institutions create investment opportunities as smaller players face liquidity challenges resulting from twin shocks of the global shutdown due to COVID-19 and the collapse in oil prices which significantly impacted GCC economies. We also see rising opportunities in technology as EdTech dramatically shakes the education landscape while MedTech enables the accelerates rollout of new services including telemedicine, homecare, remote patient monitoring and mHealth.

Downside risks: (i) continued expat outflow on COVID-19 job losses and government spending cuts, potentially leading to a supply overhang in the space, (ii) pricing and cash flow pressure manifested through lower contract pricing, further discounts at education facilities and prolonged payment cycles, (iii) delay in market price correction as discount to SotP valuations can tend to persist due to inherent complexity reductions.

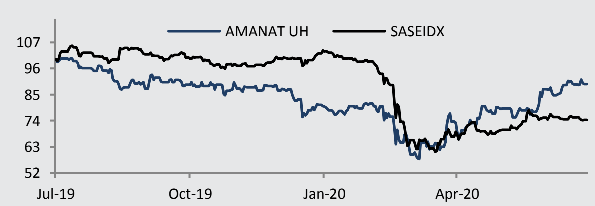
BUY AED 1.05

Healthcare and Pharmaceuticals / United Arab Emirates

Bloomberg code	AMANAT UH
Market index	DFM
Target Price	1.05
Upside (%)	30.6
Last closing price	0.80
52 Week range	0.6-0.9
Market cap (AED m)	2,005
Market cap (USD m)	546
Average Daily Traded Value (AED m)	8.0
Average Daily Traded Value (USD m)	2.1
Free float (%)	74%

Year-end (local m)	2019	2020e	2021e	2022e
Investment income	77	39	109	117
Net income	60	(11)	96	106
EPS	0.02	(0.00)	0.04	0.04
P/E (current price)	33.3	nm	20.9	18.9
BVPS	1.03	0.98	1.00	1.03
P/B (current price)	0.78	0.82	0.80	0.78
Div. yield (%)	1.9	2.8	2.8	2.8
RoAA (%)	4.6	(0.4)	3.8	4.1
RoAE (%)	4.7	(0.4)	3.9	4.2
RoIC (%)	2.3	(0.4)	3.8	4.1

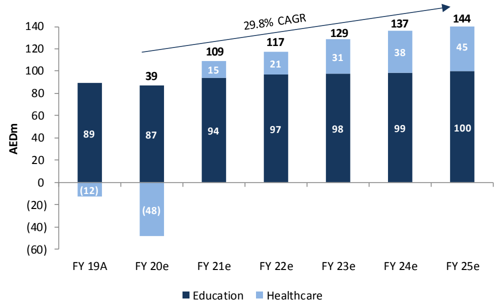
Price Performance



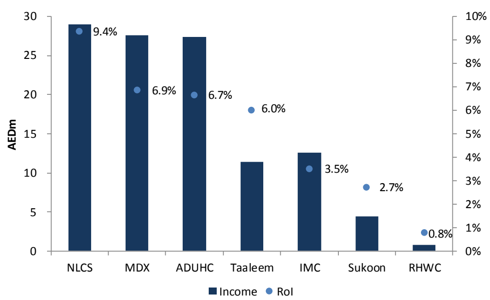
Abacus

Arqaam Capital Fundamental Data

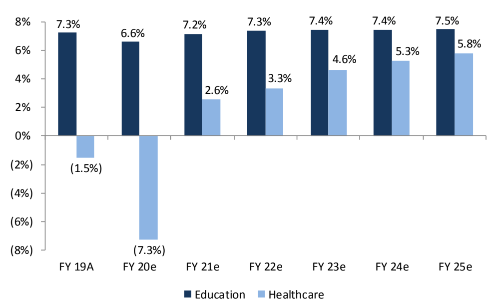
Income from healthcare vs. education investments



Income from investments (FY 21-22e)



Return on Investments



Amanat Holdings

Year-end	2019	2020e	2021e	2022e	2023e
Financial summary					
Reported EPS	0.02	(0.00)	0.04	0.04	0.04
Diluted EPS	0.02	(0.00)	0.04	0.04	0.04
DPS	0.02	0.02	0.02	0.02	0.02
BVPS	1.03	0.98	1.00	1.03	1.07
Weighted average shares	2,500	2,500	2,500	2,500	2,500

Year-end	2019	2020e	2021e	2022e	2023e
Valuation metrics					
P/E (x) (current price)	33.3	nm	20.9	18.9	16.7
P/E (x) (target price)	43.5	nm	27.3	24.7	21.8
EV/revenues (x) (current price)	20.7	40.6	14.6	13.5	12.3
Dividend yield (%)	1.9	2.8	2.8	2.8	2.8

Year-end	2019	2020e	2021e	2022e	2023e
Growth (%)					
Investment income		(49.1)	178.7	7.4	9.7
Total income		(54.9)	158.9	8.6	11.1
Net income		(117.9)	989.4	10.8	13.2

Year-end	2019	2020e	2021e	2022e	2023e
Returns (%)					
RoAA	4.6	(0.4)	3.8	4.1	4.5
RoAE	4.7	(0.4)	3.9	4.2	4.6
RoIC	2.3	(0.4)	3.8	4.1	4.5

Abacus *Arqaam Capital Fundamental Data*

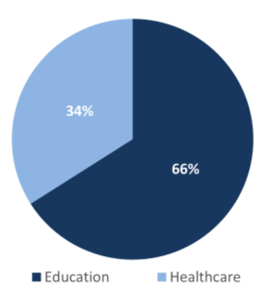
Company profile

Established in the UAE and listed on DFM since November 2014, Amanat Holdings is the region's largest integrated healthcare and education investment company, with a paid-up capital of AED 2.5bn, 84% of which stands deployed. The group has a unique and diversified portfolio spanning seven companies (5 in education, 3 in healthcare) across the UAE, Saudi Arabia and Bahrain.

The education platform served more than 19.7k students in 2019 across 1 pre-school, 8 schools and 3 universities: (i) Middlesex University Dubai (MDX, 100%-owned), the first overseas campus of the internationally renowned Middlesex University in London, (ii) Abu Dhabi University Holding Company (ADUHC, 35%), (iii) Taaleem (22%), providing K12 and early education in the UAE and (iv) the real estate assets of the North London Collegiate School in Dubai, UAE. Furthermore, Amanat recently completed its first venture capital investment in Edtech, becoming the principal MENA strategic partner of US-based education company BEGiN.

The healthcare portfolio operates 458 beds through: (i) Royal Hospital for Women and Children (RWHC, 69% owned), located in Bahrain, (ii) Sukoon (33%), a provider of acute extended care, critical care and home care medical services in Jeddah, KSA, and International Medical Center (IMC, 13%), a 300-bed multi-disciplinary hospital based in Jeddah, KSA.

Breakdown of Investments



Ownership & Management

Major Shareholders	%
Invest Bank	16.2
Osool Asset Management	10.0
Emirates Investment Bank	8.7
Chimera Investment	6.1
Dheyab Binzayed Binsultan Alnahyan	5.6
Al Salem Limited	5.2
International Capital Trading	5.0
Al Saqr United Group	5.0

Management	
Chairman	H.E. Hamad Alshamsi
Vice Chairman	Dr. Shamsheer Vayalil
CEO	Dr. Mohamad Hamade
Acting CFO and Head of Healthcare	Amer Jeambey

Amanat Holdings

Year-end	2019	2020e	2021e	2022e	2023e
Standalone Income statement (AEDm)					
NLCS	27	30	31	27	24
MDX	27	25	27	28	30
RHWC	(20)	(22)	0	2	3
ADUHC	21	25	27	28	30
Sukoon	(7)	(27)	3	5	6
Taaleem	15	7	10	13	14
IMC	15	1	12	14	22
Income from investments	**77**	**39**	**109**	**117**	**129**
Interest income	15	11	21	24	28
Other income	23	0	1	1	1
Total income	**112**	**50**	**130**	**142**	**157**
Amanat SG&A	(46)	(51)	(33)	(34)	(35)
Project expenses	(6)	(10)	(2)	(2)	(2)
Net profit (group)	60	(11)	96	106	120
Minorities	-	-	-	-	-
Net profit (parent)	**60**	**(11)**	**96**	**106**	**120**

Year-end	2019	2020e	2021e	2022e	2023e
Standalone Balance sheet (AEDm)					
Cash and equivalents	523	438	478	529	593
Receivables	-	-	-	-	-
Debt instruments	16	16	16	16	16
Tangible fixed assets	1	1	1	1	1
Investments	2,031	1,994	2,008	2,028	2,063
Total assets	**2,624**	**2,502**	**2,556**	**2,627**	**2,726**
Payables	-	-	-	-	-
Interest bearing debt	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	**60**	**60**	**60**	**60**	**60**
Shareholders equity	2,564	2,442	2,496	2,567	2,666
Minorities	-	-	-	-	-
Total liabilities & shareholders equity	**2,624**	**2,502**	**2,556**	**2,627**	**2,726**

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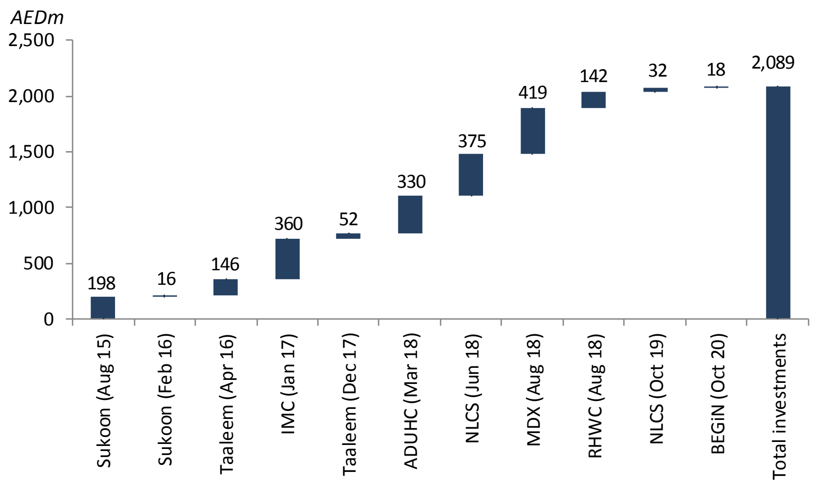
Investment thesis

Amanat Holdings is the region's largest integrated healthcare and education investment company…with a paid-up capital of AED 2.5bn (authorized capital of AED 5.0bn), 84% of which stands deployed. The group has a unique and diversified portfolio spanning seven companies (5 in education, 3 in healthcare) across the UAE, Saudi Arabia and Bahrain.

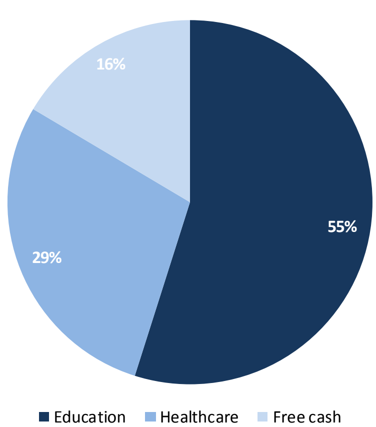
Exhibit 1: Group investments



Source: Company Data, Arqaam Capital Research

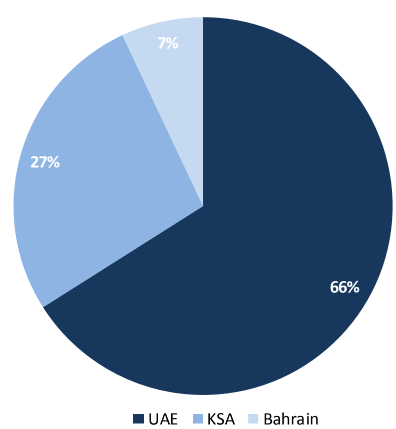
…**with access to pool of capital and expertise** enabling management to implement its strategy and capital allocation as follows: (i) establish platform companies (core of corporate strategy at c.70% of CapEx program) leveraged for sustainable growth ad cost efficiency, (ii) develop and fund social infrastructure projects (c.25% of CapEx) including public-private partnerships, and (iii) conceptualize corporate ventures.

Exhibit 2: 16% of paid-up capital is yet to be deployed



Source: Company data, Arqaam Capital Research

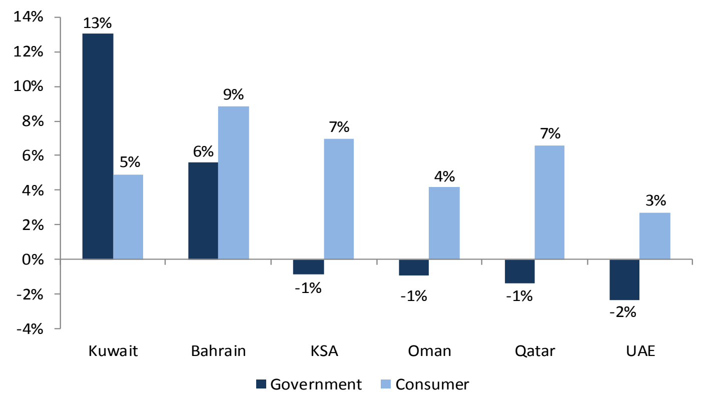
Exhibit 3: The UAE accounts for c.66% of invested capital



Source: Company data, Arqaam Capital Research

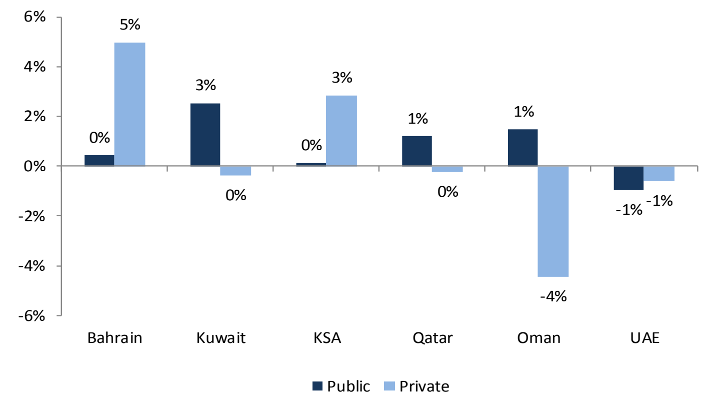
Promising industry profiles with increasing private investments supported by demand for specialized care, the rising emergence of public-private partnerships, and increasing demand for geriatrics, long-term care and other sub-specialties such as oncology, cardiology and bariatrics along with high prevalence of hereditary and lifestyle-related diseases (obesity and diabetes in MENA stand 1.5x and 1.3x the global rate respectively). Mandatory insurance in both the UAE and Saudi Arabia should further encourage spending and contribute to a more integrated health system.

Exhibit 4: Gvt expenditure on education notched down 1%, while consumer spending grew 5% in 2014-19



Source: Euromonitor, Arqaam Capital Research

Exhibit 5: Public vs. private CHE/Capita CAGR in 2012-17A

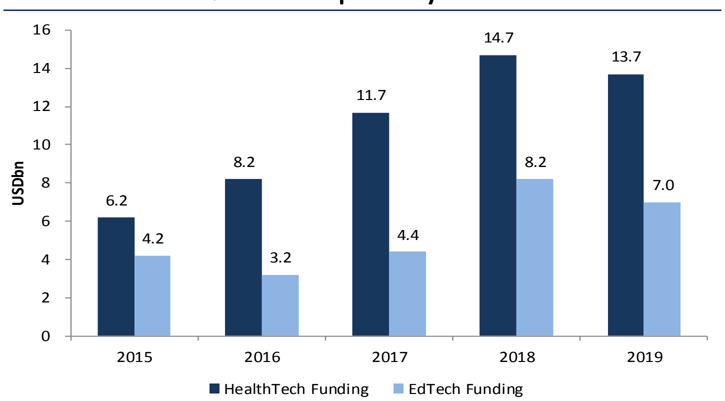


Source: WHO, Arqaam Capital Research

Key trends we expect in the medium-term:

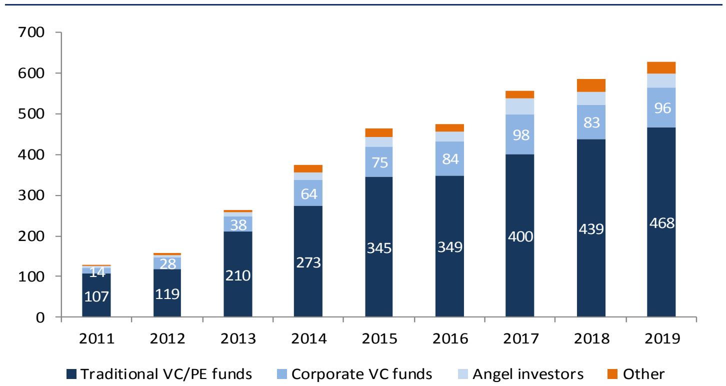
- Increased market consolidation through M&A activity, as smaller players face liquidity challenges caused by the pandemic. In the healthcare space, consolidation creates strategic players of scale to enhance tertiary and specialized services (oncology, cardiology) and repatriate patients into the region.
- **Growing appetite for MedTech and EdTech solutions in MENA**, with further support from local governments with approximately USD 8.5bn in regional HealthTech expenditure in the pipeline by 2023. Amanat management communicated interest in tapping both fields and recently completed the group's first AED 18.4m venture capital investment in EdTech, becoming the principal MENA strategic partner of US-based education company BEGiN.

Exhibit 6: Global MedTech and EdTech funding grew at 22% and 14% CAGR respectively in 2015-19



Source: StartupHealth, PitchBook, Holon IQ, Australian Trade and Investment Commission, CBInsights, Global Marekt Insights, Arqaam Capital Research

Exhibit 7: Corporate venture capital participation in MedTech remained stable since 2015 (VC deals by fund type)



Source: Rock Health Digital Health Funding Database, Arqaam Capital Research

Cost-optimization is a recurring theme across both holding and portfolio companies as management pushes for digitization of workflows, implementing a series of staff restructuring measures while cutting administrative, travel and marketing costs. We forecast income from all 8 investments to grow at an FY 20-25e CAGR of 30% from a weak base with the education portfolio (NLCS, MDX, ADUHC and Taaleem) generating c.84% of revenues.

Although the education price index has consistently exceeded CPI in the GCC, **we see short-term headwinds to tuition fees** (lower billing and collection) with slowdown in enrollments due to expat exodus coupled with the likely repatriation of foreign students (c.50% of higher education in the UAE). That said, we expect education assets to post steady income growth, conservatively expected at 3% with c.7% RoI led by NLCS. Key catalysts: Recent ADU expansion in Dubai/Al Dhafra and relocation of Al Ain campus adding c.15% to overall capacity, Raha 2 development at Taaleem expanding capacity by 25%.

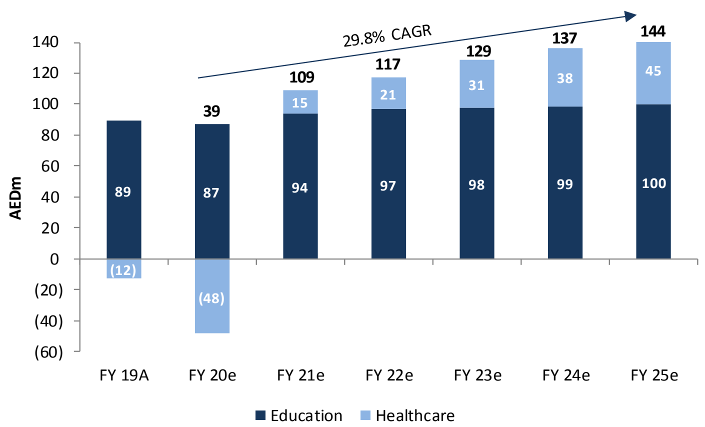
Income from healthcare investments gradually improves from negative levels in FY 20e, with RHWC and Sukoon turning profitable in FY 21e, boosting average yields to c.6% by FY 25e. Key catalysts: breakeven at RHWC with launch of new services, 15% capacity increase at Sukoon, cost rationalization at IMC.

Exhibit 8: Summary of estimates (AEDm)

Income from investments*		FY 19A	FY 20e	FY 21e	FY 22e	FY 23e	FY 24e	FY 25e
NLCS**		27	30	31	27	24	20	17
	Growth		*13%*	*2%*	*(11%)*	*(13%)*	*(14%)*	*(16%)*
MDX		27	25	27	28	30	31	32
	Growth		*(6%)*	*7%*	*5%*	*5%*	*5%*	*5%*
RHWC		(20)	(22)	0	2	3	5	7
	Growth		*(9%)*	*100%*	*9057%*	*93%*	*56%*	*41%*
ADUHC		21	25	27	28	30	32	33
	Growth		*18%*	*8%*	*6%*	*6%*	*6%*	*5%*
Sukoon		(7)	(27)	3	5	6	8	10
	Growth		*(274%)*	*112%*	*62%*	*17%*	*29%*	*15%*
Taaleem		15	7	10	13	14	16	17
	Growth		*(49%)*	*35%*	*30%*	*11%*	*9%*	*10%*
IMC		15	1	12	14	22	25	28
	Growth		*(92%)*	*808%*	*18%*	*59%*	*15%*	*14%*
Total income		**77**	**39**	**109**	**117**	**129**	**137**	**144**
	Growth		*(49%)*	*179%*	*7%*	*10%*	*6%*	*6%*

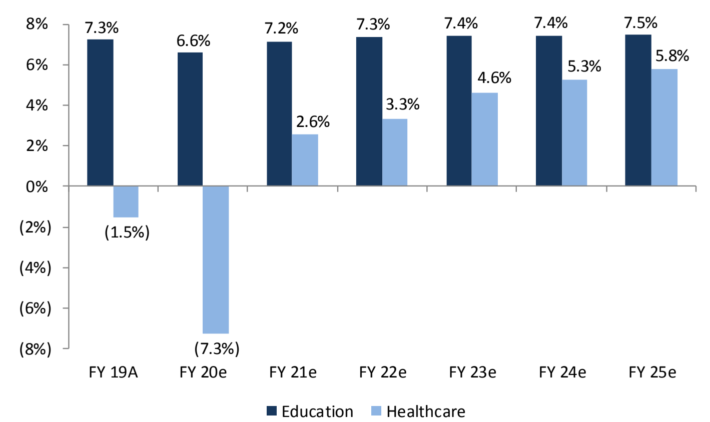
*Source: Company Data, Arqaam Capital Research *excluding PPA **declining receivables balance*

Exhibit 9: Income from investments to grow at an FY 20-25e CAGR of 30%...



Source: Company Data, Arqaam Capital Research

Exhibit 10: Education investments to yield c.7% return on investments, vs. 6% for healthcare



Source: Company Data, Arqaam Capital Research

We arrive at a FVE of AED 1.05/share using the SotP valuation method to highlight the aggregate worth of the holding's disparate investments, which we in turn assess using individual DCF models with WACC ranging 8.0%-12.6% to account for main geographies in the UAE, Saudi Arabia and Bahrain. Our calculations result in a total equity value of c.AED 2.9bn. We discount the PV of holding-related SG&A from total equity value and add AED 486m in available cash funds (yet to be deployed) and AED 16m in other investments to arrive at AED 2.6m or AED 1.05/share.

Exhibit 11: Amanat Holdings SotP Valuation

SotP on DCF	Equity Value (AEDm)	Amanat stake	EV share (AEDm)	AED/share	% of total	P/E 21-22e	EV/EBITDA 21-22e
MDX	742	100.0%	742	0.30	26.0%	26.0x	22.7x
NLCS	399	100.0%	399	0.16	14.0%		
RHWC	27	69.3%	19	0.01	0.7%	24.1x	19.5x
ADUHC	1,621	35.0%	567	0.23	19.9%	20.7x	16.0x
Sukoon	499	33.3%	166	0.07	5.8%	37.4x	16.5x
Taaleem	2,562	21.7%	556	0.22	19.5%	42.8x	20.5x
IMC	2,901	13.2%	382	0.15	13.4%	26.4x	13.9x
BEGiN	18		18	0.01	0.6%		
Equity value (investments)	**8,771**		**2,851**	**1.14**	**100.0%**		
Amanat-related expenses			(740)				
Equity value (post discount)			**2,111**				
Borrowings (holding)			--				
Cash (holding)			486				
Other investments			16				
Equity Value			**2,613**				
NOSH			2,500				
Equity value per share (AED)			**1.05**				
CMP			0.80				
Upside/downside %			31%				

Source: Arqaam Capital Research

We benchmark our SotP with a relative valuation looking at the MENA healthcare and education space. We arrive at a valuation of AED 2.7bn or AED 1.07/share using FY 21-22e P/E, EV/EBITDA, EV/student and EV/bed at equal weights at equal weights.

Exhibit 12: Blended Relative Valuation on P/E, EV/EBITDA, EV/student and EV/bed

Equity Value on Relative Multiples	P/E 21-22e	EV/EBITDA 21-22e	EV/student	EV/bed	Average
MDX	533	419	1,378		777
NLCS	399	399	399		399
RHWC	18	7		90	39
ADUHC	512	425	1,040		659
Sukoon	102	166		364	211
Taaleem	242	328	769		446
IMC	333	451		305	363
BEGiN					18
Equity value (investments)					**2,912**
Amanat-related expenses					(740)
Equity value (post discount)					**2,172**
Borrowings (holding)					--
Cash (holding)					486
Other investments					16
Equity Value					**2,674**
NOSH					2,500
Equity value per share (AED)					**1.07**
CMP					0.80
Upside/downside %					34%

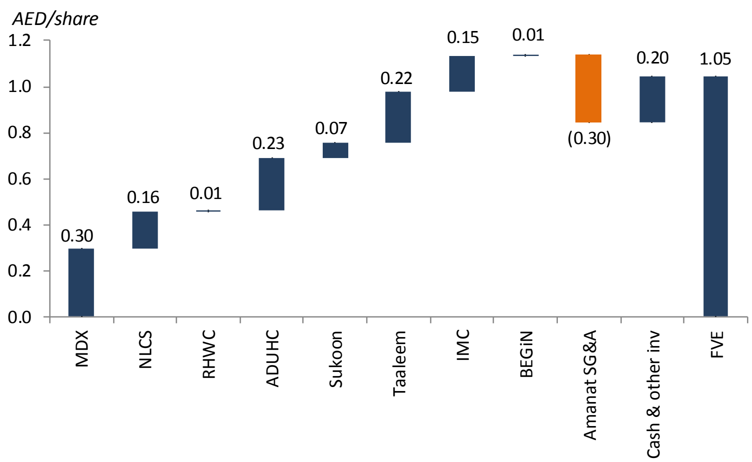
Source: Arqaam Capital Research

Valuation

SoTP

- **As a well-run holding company, Amanat enjoys the benefits of size, scale and expertise by virtue of cheaper access to financing and larger market cap putting them on the radar for more institutional investors.**
- **We use the SotP valuation method to highlight the aggregate worth of the holding's disparate investments, which we in turn assess using individual DCF models with WACC ranging 8.0%-12.6% to account for main geographies in the UAE, Saudi Arabia and Bahrain. Our calculations result in a total equity value of c.AED 2.9bn.**
- **We discount the PV of holding-related SG&A from total equity value and add AED 486m in available cash funds (yet to be deployed) and AED 16m in other investments to arrive at AED 2.6m or AED 1.05/share.**

Exhibit 13: Amanat Holdings SotP Valuation (AED/share)



Source: Arqaam Capital Research

Exhibit 14: Amanat Holdings SotP Valuation

SotP on DCF	Equity Value (AEDm)	Amanat stake	EV share (AEDm)	AED/share	% of total	P/E 21-22e	EV/EBITDA 21-22e
MDX	742	100.0%	742	0.30	26.0%	26.0x	22.7x
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Amanat-related expenses			(740)				
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Other investments			16				
Equity Value			**2,613**				
NOSH			2,500				
Equity value per share (AED)			**1.05**				
CMP			0.80				
Upside/downside %			31%				

Source: Arqaam Capital Research

Relative multiples

- **Defining peer sets in healthcare and education can be tricky given different growth, business models and regulatory circumstances amongst other factors.**
- **Nevertheless, in an attempt to draw comparisons, we benchmark our SotP with a relative valuation looking at the MENA healthcare and education space.**
- **We arrive at a valuation of AED 2.7bn or AED 1.07/share using FY 21-22e P/E, EV/EBITDA, EV/student and EV/bed at equal weights at equal weights.**

Exhibit 15: Blended Relative Valuation on P/E, EV/EBITDA, EV/student and EV/bed

Equity Value on Relative Multiples	P/E 21-22e	EV/EBITDA 21-22e	EV/student	EV/bed	Average
MDX	533	419	1,378		777
NLCS	399	399	399		399
RHWC	18	7		90	39
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Equity Value					**2,674**
NOSH					2,500
Equity value per share (AED)					**1.07**
CMP					0.80
Upside/downside %					34%

Source: Arqaam Capital Research

Exhibit 16: Breakdown of Relative Multiples

P/E 21-22e	Equity Value (AEDm)	Amanat stake	EV share (AEDm)	AED/share	% of total	P/E 21-22e
MDX	533	100.0%	533	0.21	24.7%	18.7x
NLCS	399	100.0%	399	0.16	18.5%	
RHWC	26	69.3%	18	0.01	0.8%	23.0x
ADUHC	1,462	35.0%	512	0.20	23.7%	18.7x
Sukoon	307	33.3%	102	0.04	4.7%	23.0x
Taaleem	1,116	21.7%	242	0.10	11.2%	18.7x
IMC	2,526	13.2%	333	0.13	15.4%	23.0x
BEGiN			18	0.01	0.9%	
Total value	**6,370**		**2,157**	**0.86**	**100.0%**	

EV/EBITDA 21-22e	Enterprise Value (AEDm)	Equity Value (AEDm)	Amanat stake	EV share (AEDm)	AED/share	% of total	EV/EBITDA 21-22e
MDX	395	419	100.0%	419	0.17	18.9%	12.5x
NLCS	399	399	100.0%	399	0.16	18.0%	
RHWC	93	10	69.3%	7	0.00	0.3%	16.5x
ADUHC	1,436	1,213	35.0%	425	0.17	19.2%	12.5x
Sukoon	330	501	33.3%	166	0.07	7.5%	16.5x
Taaleem	1,637	1,511	21.7%	328	0.13	14.8%	12.5x
IMC	3,242	3,422	13.2%	451	0.18	20.4%	16.5x
BEGiN				18	0.01	0.8%	
Total value	**7,532**	**7,476**		**2,214**	**0.89**	**100.0%**	

EV/student and EV/bed	Enterprise Value (AEDm)	Equity Value (AEDm)	Amanat stake	EV share (AEDm)	AED/share	% of total	EV/student and EV/bed (AEDm)
MDX	1,354	1,378	100.0%	1,378	0.55	31.6%	0.4
NLCS	399	399	100.0%	399	0.16	9.2%	
RHWC	213	130	69.3%	90	0.04	2.1%	7.1
ADUHC	3,194	2,971	35.0%	1,040	0.42	23.8%	0.4
Sukoon	923	1,094	33.3%	364	0.15	8.3%	7.1
Taaleem	3,670	3,544	21.7%	769	0.31	17.6%	0.4
IMC	2,131	2,311	13.2%	305	0.12	7.0%	7.1
BEGiN				18	0.01	0.4%	
Total value	**11,885**	**11,828**		**4,364**	**1.75**	**100.0%**	

Source: Arqaam Capital Research

Exhibit 17: MENA Education peer set trades at 18.7x and 12.5x FY 21-22e P/E and EV/EBITDA respectively

Company	Country	Market cap	Free float	P/E (x)			P/B (x)			EV/Sales (x)			EV/EBITDA (x)			RoE	Div. Yield
		(USDm)	(%)	FY 20e	FY 21e	FY 22e	FY 20e	FY 21e	FY 22e	FY 20e	FY 21e	FY 22e	FY 20e	FY 21e	FY 21e	FY 21e	FY 21e
Humansoft	Kuwait	1,286	73.5	13.5	10.1	10.0	3.6	3.2	3.0	5.2	4.3	4.3	10.1	7.5	7.4	31.7%	0.0%
National Company for Learning & Education	KSA	517	30.2	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Ataa Educational Co	KSA	409	38.4	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Al Khaleej Training and Education	KSA	275	64.5	36.3	27.3	27.3	1.6	1.6	1.6	2.3	2.0	1.8	22.8	17.8	17.2	5.9%	1.9%
GCC		**2,486**		**17.5**	**13.1**	**13.1**	**3.2**	**2.9**	**2.7**	**4.7**	**3.9**	**3.9**	**12.3**	**9.3**	**9.1**	**27.2%**	**0.3%**
Tal Education Group	China	44,688	na	133.9	65.0	39.0	15.9	13.1	10.1	10.0	7.0	5.1	173.6	55.9	31.5	20.4%	0.1%
Offcn Education Technology	China	36,978	9.9	96.9	69.8	52.5	42.0	31.3	22.4	18.4	13.7	10.5	74.5	54.8	42.7	51.0%	0.8%
New Oriental Education	China	30,240	na	48.4	34.4	26.0	8.7	7.0	5.6	6.7	5.1	4.1	42.6	27.1	19.5	20.5%	0.1%
China East Education Holding	China	4,776	19.4	37.9	26.4	21.3	4.7	4.1	3.5	7.2	5.6	4.7	19.8	14.6	12.2	16.0%	1.4%
China Yuhua Education Corp	China	3,011	41.8	22.2	16.0	13.7	4.7	4.0	3.4	7.9	6.9	6.3	16.9	11.9	10.7	27.5%	3.3%
Hope Education Group	China	2,044	42.6	20.6	15.0	13.0	2.4	2.2	1.9	8.4	5.9	4.8	14.3	10.9	8.9	15.0%	2.3%
Afya	Brazil	2,582	70.0	37.4	26.8	21.3	5.0	4.3	3.9	11.4	8.5	7.0	26.1	19.0	15.5	17.0%	0.9%
Cogna Educacao	Brazil	1,783	99.6	na	160.0	31.2	0.5	0.5	0.5	3.0	3.0	2.8	15.0	11.5	9.3	1.5%	0.3%
Scholar Education Group	China	1,283	22.6	49.7	33.7	24.7	10.4	8.5	6.5	9.3	6.5	4.8	34.6	25.6	17.5	26.9%	0.8%
YDUQS Part	Brazil	1,728	97.1	19.6	14.4	10.9	3.2	2.9	2.7	3.2	2.9	2.6	9.9	8.4	7.2	23.9%	2.6%
China Kepei Education Group	China	1,529	18.3	16.5	13.0	11.0	3.1	2.7	2.2	10.2	7.7	6.7	13.6	10.6	9.1	20.9%	3.0%
China New Higher Education Group	China	971	48.7	11.3	9.5	7.9	2.1	1.8	1.5	5.7	4.8	4.2	9.2	8.1	7.1	20.3%	3.0%
Cathay Media and Education	China	1,090	16.8	25.3	17.1	13.1	2.6	2.3	2.0	9.0	6.7	5.5	18.4	13.1	10.5	14.2%	1.4%
Virscend Education Co	China	936	43.0	16.6	11.9	9.0	2.2	2.0	1.8	4.7	3.8	3.1	13.4	10.1	8.4	17.3%	3.6%
China Maple Leaf Educational	China	935	47.9	9.8	8.0	7.1	1.3	1.2	1.1	2.8	2.1	1.9	7.4	5.7	5.0	14.6%	4.8%
Wisdom Education International	China	977	30.9	12.3	10.3	8.8	2.3	2.0	1.8	4.6	3.7	3.2	11.1	9.3	8.1	21.0%	4.1%
Edvantage Group Holdings	China	981	26.3	16.5	13.0	10.9	3.0	2.5	2.2	6.0	4.9	4.3	12.0	9.4	7.9	20.6%	2.3%
JH Educational Technology	China	791	25.0	21.6	17.1	15.4	2.7	2.3	2.0	8.5	7.0	6.0	13.3	11.3	9.4	14.4%	0.6%
Minsheng Education Group	China	631	21.0	12.1	8.1	7.1	0.9	0.8	0.8	3.1	2.7	2.5	7.2	4.9	4.5	11.3%	4.0%
Anima Holding	Brazil	607	64.0	67.0	21.3	16.2	2.6	2.7	2.5	2.8	2.3	2.1	10.8	8.3	7.2	13.9%	0.9%
Emerging markets		**138,562**		**80.3**	**43.7**	**28.8**	**10.6**	**8.7**	**6.9**	**8.3**	**6.1**	**4.7**	**93.5**	**35.9**	**22.4**	**20.2%**	**0.6%**
Bright Horizons Family Solut	USA	10,122	98.8	178.9	60.1	38.4	8.1	7.5	6.7	7.8	5.9	5.0	62.7	35.4	25.7	13.6%	0.0%
Chegg Inc	USA	9,148	96.8	56.8	43.6	33.7	13.4	12.0	9.0	15.1	12.2	10.0	46.6	36.2	28.4	25.7%	0.0%
Laureate Education	USA	2,968	90.5	na	41.2	27.0	0.9	0.9	0.7	1.8	2.3	2.1	9.7	10.7	11.7	3.1%	na
IDP Education	Australia	4,972	52.5	149.1	58.5	45.7	16.6	15.0	14.8	12.1	8.4	7.0	63.7	32.1	26.3	27.1%	1.1%
Benesse Holdings	Japan	2,279	75.9	55.0	25.4	20.2	1.3	1.3	1.3	0.5	0.5	0.4	6.6	5.2	4.8	5.4%	2.3%
Academedia	Sweden	955	71.9	14.1	13.1	12.4	1.6	1.4	1.4	1.3	1.3	1.2	8.9	7.6	7.3	11.4%	2.5%
Gakken Holdings Co	Japan	621	46.9	17.3	na	na	na	na	na	0.5	na	na	na	na	na	na	na
G8 Education	Australia	767	94.2	22.1	21.0	15.3	1.5	1.5	1.5	2.5	2.1	1.9	18.0	16.9	13.1	4.9%	3.1%
Insource Co	Japan	704	49.4	84.2	55.9	36.1	20.2	16.5	na	11.2	9.2	8.4	54.5	32.8	na	36.1%	0.7%
Developed markets		**32,536**		**76.5**	**48.4**	**34.5**	**9.7**	**8.8**	**7.4**	**9.1**	**7.2**	**6.1**	**46.5**	**29.3**	**22.8**	**17.8%**	**0.6%**

Source: Bloomberg, Arqaam Capital Research

Exhibit 18: MENA Healthcare peers trade at 23.0x and 16.5x FY 21-22e P/E and EV/EBITDA respectively

Company	Country	Rating	Market cap	Free float	P/E (x)			P/B (x)			EV/Sales (x)			EV/EBITDA (x)			RoE	Div. Yield
			(USDm)	(%)	FY 20e	FY 21e	FY 22e	FY 20e	FY 21e	FY 22e	FY 20e	FY 21e	FY 22e	FY 20e	FY 21e	FY 22e	FY 21e	FY 21e
Amanat Holdings	UAE	Buy	546	74.3	nm	20.9	18.9	0.8	0.8	0.8	40.6	14.6	13.5	nm	nm	nm	3.8%	2.8%
Al Hammadi	KSA	Buy	947	70.2	24.0	21.2	17.4	2.1	2.0	1.9	4.1	3.8	3.5	12.8	12.9	11.8	9.5%	3.4%
Sulaiman Habib	KSA	Hold	9,285	24.2	33.7	30.7	27.4	7.2	6.9	6.4	6.1	5.6	5.1	25.7	23.2	20.6	22.5%	2.3%
Dallah Healthcare	KSA	Sell	1,188	40.2	87.3	35.1	24.4	2.8	2.8	2.7	4.6	3.4	2.9	33.6	23.2	20.1	8.0%	2.9%
Middle East Healthcare	KSA	Hold	865	38.2	28.8	21.9	16.6	2.0	1.8	1.8	2.4	2.2	2.0	17.0	14.4	12.1	8.3%	0.0%
Mouwasat	KSA	Buy	3,354	47.5	23.8	21.5	20.4	5.3	4.6	4.1	6.4	5.8	5.6	17.9	16.6	16.7	21.6%	2.0%
National Medical Care	KSA	Buy	651	50.8	22.0	19.9	17.9	2.3	2.2	2.2	2.8	2.6	2.4	12.1	11.4	10.6	11.3%	3.7%
Saudi Pharmaceutical Industries	KSA	NR	1,309	58.1	35.3	29.5	23.8	2.5	2.5	2.4	3.4	3.1	2.9	19.0	16.7	14.7	8.6%	2.4%
Hikma Pharmaceuticals	Jordan	NR	6,099	61.6	21.0	18.7	17.0	3.8	3.2	2.8	3.7	3.5	3.3	13.0	11.8	11.1	17.4%	1.5%
IDH	Egypt	Buy	593	53.5	15.7	12.8	10.8	3.7	3.5	3.2	3.8	3.3	3.8	9.0	7.7	6.7	26.9%	5.9%
Cleopatra	Egypt	Buy	493	63.3	26.5	17.0	13.5	0.7	0.5	0.5	3.7	2.8	3.7	17.8	11.7	9.5	18.2%	0.0%
IbnSina	Egypt	Buy	354	95.0	13.5	10.0	7.9	3.2	2.5	2.0	0.6	0.5	0.6	13.2	10.9	9.5	25.4%	2.0%
EIPICO	Egypt	NR	315	50.0	9.7	7.3	6.2	1.9	1.7	1.6	2.1	1.8	1.5	7.1	5.7	4.7	22.8%	7.3%
MENA			**25,453**		**30.0**	**24.6**	**21.5**	**4.9**	**4.5**	**4.1**	**4.9**	**4.4**	**4.1**	**19.6**	**17.3**	**15.7**	**18.6%**	**2.1%**
Jiangsu Hengrui Medicine	China	NR	70,605	31.6	69.9	54.7	44.4	14.7	11.9	9.6	15.6	12.3	9.9	59.1	46.2	37.4	23.0%	0.3%
Wuxi Apptec	China	NR	40,462	43.5	88.6	69.5	53.3	11.5	10.2	8.5	15.4	11.9	9.3	58.1	45.5	35.8	14.7%	0.4%
Aier Eye Hospital	China	NR	40,474	29.4	152.0	111.1	84.9	31.6	26.5	21.5	22.9	17.6	13.9	86.9	65.9	51.7	24.2%	0.4%
BDMS	Thailand	NR	12,226	62.3	58.3	43.0	35.6	4.4	4.2	3.9	5.8	5.1	4.6	27.1	22.9	20.4	10.0%	1.2%
IHH Healthcare	Malaysia	NR	11,629	11.2	86.1	50.2	41.7	2.0	2.0	1.9	4.5	3.8	3.5	23.1	17.4	15.5	4.1%	0.7%
Mediclinic International	South Africa	NR	2,950	55.4	26.1	12.8	10.9	0.7	0.7	0.7	1.6	1.5	1.5	11.0	8.9	8.4	5.1%	1.9%
Apollo Hospitals	India	NR	4,409	80.3	na	54.4	37.7	9.9	8.8	7.6	3.3	2.6	2.3	33.3	18.3	15.4	16.2%	0.4%
Bumrungad	Thailand	NR	2,991	68.2	64.5	40.3	32.3	4.5	4.4	4.2	7.1	6.0	5.4	31.3	22.3	18.9	11.7%	1.9%
Mitra Keluarga	Indonedia	NR	2,444	38.1	50.7	42.5	37.2	7.3	6.6	6.0	10.7	9.3	8.5	33.1	27.9	25.2	16.2%	0.9%
Life Healthcare	South Africa	NR	1,591	70.4	18.2	10.0	na	1.4	1.3	na	1.5	1.3	na	7.0	5.9	na	14.2%	7.0%
Netcare	South Africa	NR	1,224	63.3	19.5	10.7	7.8	1.8	1.6	1.5	1.6	1.4	1.2	9.9	7.4	6.1	14.6%	4.6%
Fortis Healthcare	India	NR	1,417	62.0	na	45.4	29.7	1.6	1.5	1.5	3.2	2.4	2.2	40.3	15.7	13.0	3.5%	0.1%
Narayana	India	NR	1,013	25.9	na	41.9	30.3	6.9	6.0	5.5	3.2	2.3	2.1	65.7	15.9	13.6	15.3%	0.4%
Emerging markets			**212,789**		**84.8**	**63.1**	**50.0**	**14.3**	**12.1**	**10.0**	**13.9**	**10.9**	**8.9**	**54.3**	**41.9**	**34.1**	**18.6%**	**0.7%**
Novo Nordisk	Denmark	NR	159,732	91.4	23.6	21.6	19.2	16.0	14.5	12.9	7.7	7.3	6.7	16.4	15.7	14.3	67.6%	2.3%
Bayer	Germany	NR	55,655	100.0	7.6	7.5	6.8	1.2	1.1	1.1	1.8	1.8	1.7	9.8	6.7	6.0	11.6%	4.7%
HCA Healthcare	USA	NR	49,856	78.2	13.4	12.4	11.3	288.9	18.3	10.3	1.5	1.4	1.4	8.0	7.5	7.1	189.7%	1.2%
Fresenius	Germany	NR	25,015	73.0	11.7	10.4	9.6	1.2	1.1	1.0	1.5	1.4	1.4	7.9	7.4	7.0	11.4%	2.3%
Laboratory Corp of America	USA	NR	19,746	99.5	10.2	10.7	13.2	2.4	2.0	1.9	1.9	1.8	1.9	8.1	8.4	10.2	17.9%	0.0%
Quest Diagnostics	USA	NR	16,820	99.5	12.6	12.4	15.6	2.5	2.3	2.2	2.3	2.2	2.4	9.1	9.0	11.2	18.2%	1.9%
Universal Health Services	USA	NR	11,032	96.6	12.9	12.2	11.2	1.8	1.6	1.5	1.2	1.2	1.1	7.9	7.5	7.2	14.0%	0.6%
Ramsay Healthcare	Australia	NR	11,051	80.8	33.5	25.2	23.1	3.6	3.4	3.2	1.8	1.7	1.7	12.0	10.8	10.3	13.2%	2.1%
Sonic Healthcare	Australia	NR	11,793	98.7	17.2	23.2	23.2	2.7	2.6	2.5	2.4	2.5	2.5	9.9	11.8	11.7	11.2%	3.1%
Eurofins Scientific	Luxembourg	NR	15,868	66.4	22.4	20.5	37.0	6.8	6.1	5.5	3.3	3.1	3.0	14.8	13.5	13.2	11.9%	0.5%
ORPEA	France	NR	8,116	92.8	41.9	27.9	24.1	2.1	2.0	1.9	3.8	3.6	3.3	16.5	14.1	13.4	7.4%	1.3%
Ryman Healthcare	New Zealand	NR	5,243	75.9	29.6	24.4	21.5	4.1	3.6	3.3	14.5	12.8	11.3	33.6	27.3	26.6	10.0%	1.9%
Korian	France	NR	3,579	69.9	40.1	20.1	16.0	1.0	1.0	0.9	2.6	2.3	2.2	11.7	9.7	8.9	4.9%	2.0%
Fleury	Brazil	NR	1,606	79.8	58.1	25.5	22.9	5.3	5.0	4.7	3.7	3.1	3.0	14.9	11.0	10.4	20.5%	2.2%
Terveystalo	Finland	NR	1,477	71.3	25.4	16.8	14.5	2.2	2.0	1.8	1.8	1.7	1.6	11.4	9.7	8.9	11.5%	2.7%
Medicover	Sweden	NR	2,273	63.5	60.6	39.5	31.0	4.0	3.7	3.4	2.3	2.0	1.8	15.2	12.5	10.9	9.1%	1.0%
Raffles Medical	Singapore	NR	1,159	43.8	36.3	27.8	23.2	1.8	1.8	1.7	3.2	2.8	2.5	18.3	15.5	13.4	6.7%	3.0%
Healius	Australia	NR	1,606	72.1	18.1	20.4	18.9	1.1	1.1	1.0	2.1	2.1	2.0	8.9	9.5	8.5	5.0%	2.3%
Rhoen-Klinikum	Germany	NR	1,321	2.9	38.4	39.2	na	na	na	na	0.7	0.7	0.7	10.5	10.1	9.5	na	1.2%
Spire Healthcare	UK	NR	709	96.7	na	266.0	35.0	0.7	0.7	0.7	1.9	1.6	1.5	12.5	9.0	7.8	0.7%	1.7%
Developed markets			**403,657**		**19.0**	**17.5**	**16.4**	**8.5**	**9.1**	**7.4**	**4.4**	**4.2**	**3.9**	**12.7**	**11.7**	**11.1**	**12.6%**	**2.2%**

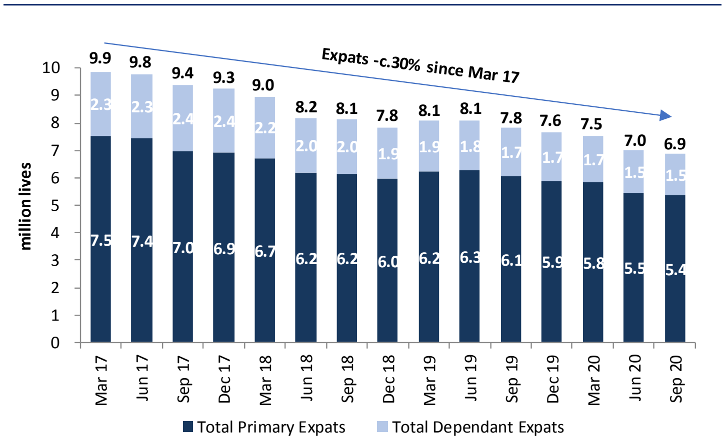
Source: Bloomberg, Arqaam Capital Research

Risks & Opportunities

Macro

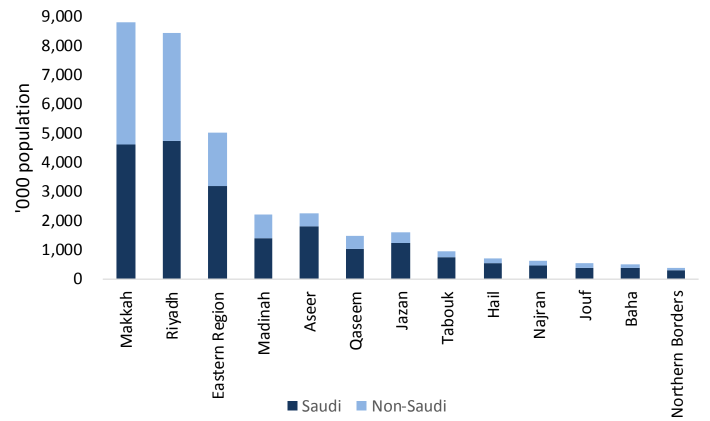
- **Renewed expat exodus** on COVID-19 job losses and government spending cuts could lead to a supply overhang in the regional healthcare and education industries. From a geographical standpoint, the group generates c.11% of investment income from Jeddah in Saudi Arabia (27% of invested capital, exhibit 3), which in turn exhibits the highest concentration of expats (c.48% of province population, vs. average 38% in KSA).

Exhibit 19: CCHI reports c.970k decline in insured expats over the past 12 months in KSA



Source: CCHI, Arqaam Capital Research

Exhibit 20: Expats are primarily concentrated in Makkah and Riyadh

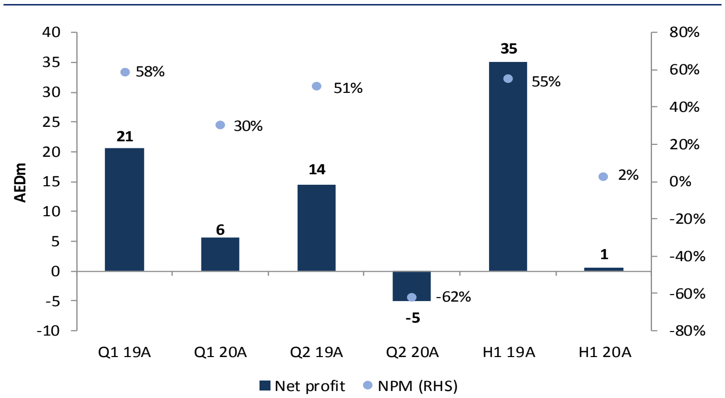


Source: GASTAT, Arqaam Capital Research

Pressure on population growth may also drive slowdown in new student enrolments in the GCC, coupled with the likely repatriation of foreign students (c.10% of higher education in the GCC, with elevated concentrations in the UAE and Qatar at 50% and 34% of local counts respectively). UAE education assets account for 66% of invested capital.

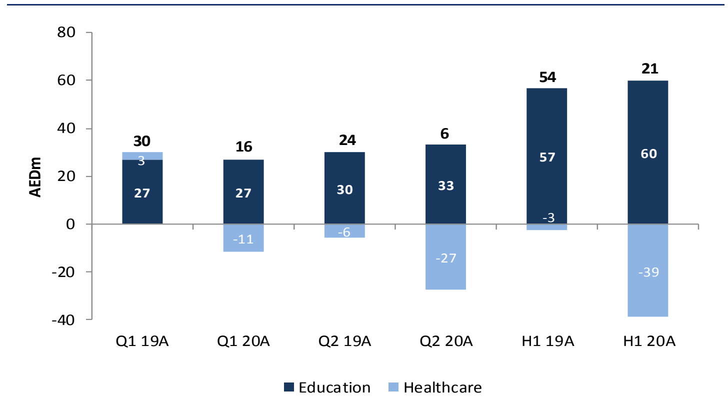
- **A second wave of COVID-19** could drive renewed lockdown restrictions resulting in slowdown in outpatient activity (suspension of elective and non-essential procedures) across hospitals and clinics. Healthcare assets underperformed in H1 with curfew measures pushing IMC earnings in the red, and net losses at RHWC widening 60% y/y.

Exhibit 21: Group net profits plummet 98% y/y to AED c.1m in H1 20A…



Source: Company Data, Arqaam Capital Research

Exhibit 22: …as income from investments recede 61% y/y to AED 21m



Source: Company Data, Arqaam Capital Research

- **Increase in the cost of attracting foreign talent-** The Saudi government may adopt stricter reforms going forward, further raising Saudization requirements (group hospitals fall in the high green to platinum segment) and expatriate fees, which would in turn, increase the cost of employing expats (65% of workforce). Government fees applicable to non-Saudi employees gradually increased from SAR 4,800 in 2017 to SAR 9,600/expat in 2020.

- **Increase in VAT rate-** Saudi Arabia announced the tripling in VAT from 5% to 15% effective July 1st. While the VAT is borne by the consumer and Saudi citizens are exempted from paying VAT on healthcare and educational services, the adoption of the new rate may result in the renegotiation of maturing contracts, the result of which could be unfavorable to group profitability due to the nature of some contractual relationships and competitive factors prevailing in the market.

Company

- **Pricing and cash flow pressure** resulting from adverse market conditions and increased competition- this could be manifested through:

  (i) Negotiation for lower contract pricing/increased discounts and rejection rates from insurance companies at renewal- the group is subject to client concentration risk as insurance companies represent c.85% and c.50% of top line at IMC and RHWC respectively. Additionally, the Saudi government (primary client of Sukoon) may reduce costs and expenses, including the provision of health services, which may lead to canceling or postponing the implementation of current and future contracts.

  (ii) Further discounts at education facilities following the introduction of 20-25% discounts in term 3 at Taaleem (50% of which were offered in the form of credit note for term 1 of academic year 2020/21 to encourage reenrollment), driving H1 revenues down 7% y/y.

  (iii) Prolonged payment cycles placing pressure on cash flow (from current 90-120 days) with Sukoon being primarily exposed to government business.

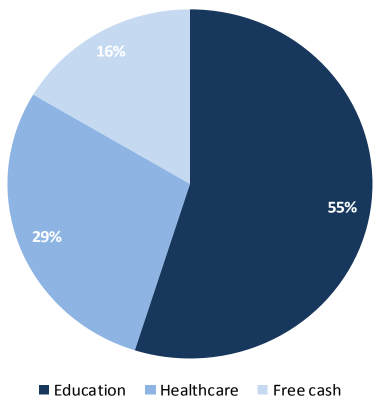
- **Prolonged breakeven on new facilities** due to renewed pressure on population growth and pricing competition delaying ramp up at RHWC (operating since March 2019), ADUHC (expanding capacity by c.15%), Taaleem (capacity +25%), and IMC (expanding functional space by 50%).

Holding

- **Lack of track record-** risks associated with the group investing in the early stages of development of a new business, the planned growth of which can place additional demand on its management, administrative and technological resources. Royal Hospital for Women & Children is among Amanat's youngest ventures, with expected breakeven in FY 21e.

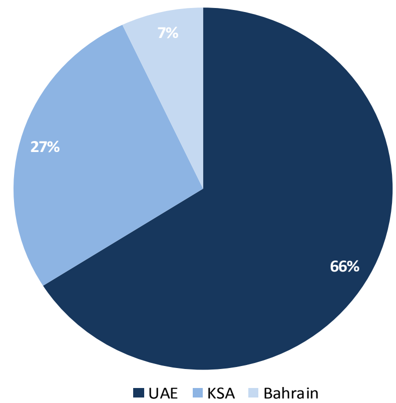
- **Over capitalization-** with c.84% of paid-up capital currently deployed, management holds c.AED 486m in free cash on the holding level. The company's business strategy is dependent on its ability to identify suitable and feasible corporate transactions in a timely manner to deploy idle funds and generate positive returns for shareholders.

Exhibit 23: 16% of paid-up capital is yet to be deployed



Source: Company data, Arqaam Capital Research

Exhibit 24: The UAE accounts for c.66% of invested capital



Source: Company data, Arqaam Capital Research

- **Dependence on key personnel** as Amanat is managed by a relatively small number of key executive officers and personnel. The loss of these key personnel could have a material adverse effect on the group's business, financial condition and prospects.

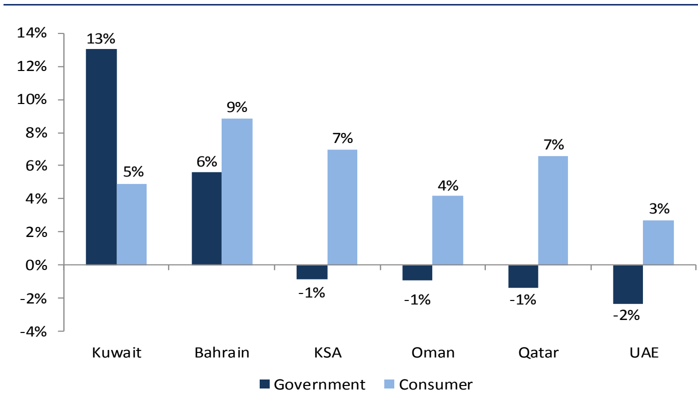
- **Delay in market price correction** as discount to sum-of-the-parts valuations can tend to persist for a longer period of time in comparison with other deep value investments due to inherent complexity reductions to multi-investment platforms in different assets, and businesses where management has varying levels of control.

Opportunities

- **Access to pool of capital and expertise** enabling Amanat Holdings to implement its strategy: (i) establish platform companies (core of corporate strategy at c.70% of CapEx program) leveraged for sustainable growth ad cost efficiency, (ii) develop and fund social infrastructure projects (c.25% of CapEx) including public-private partnerships, and (iii) conceptualize corporate ventures.

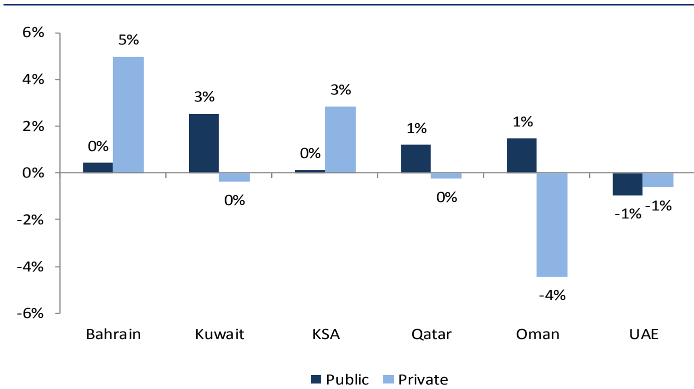
- **Attractive industry profiles with increasing private sector participation,** healthcare and education being defensive non-cyclical sectors with supply gap in subspecialty healthcare and quality education.

Exhibit 25: Gvt expenditure on education notched down 1%, while consumer spending grew 5% in 2014-19



Source: Euromonitor, Arqaam Capital Research

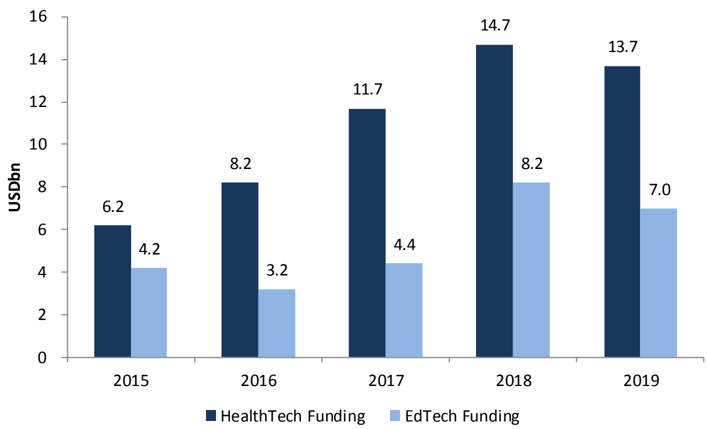
Exhibit 26: Public vs. private CHE/Capita CAGR in 2012-17A



Source: WHO, Arqaam Capital Research

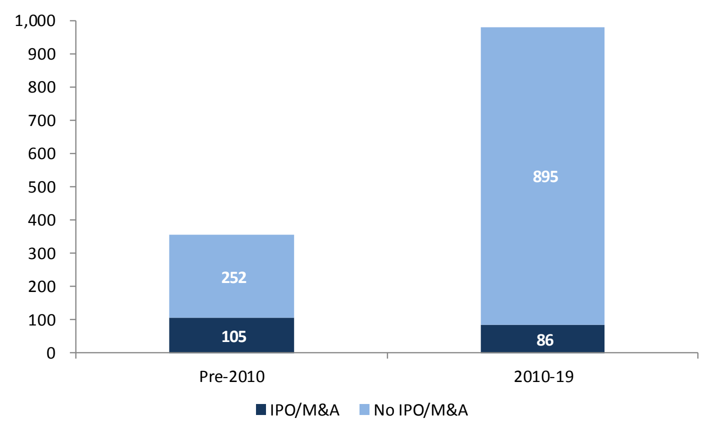
- **Key trends we expect in the medium-term:**
    - Increased market consolidation through M&A activity, as smaller players face liquidity challenges caused by the pandemic. In the healthcare space, consolidation creates strategic players of scale to enhance tertiary and specialized services (cancer, transplant, cardiothoracic) and repatriate patients into the region.
    - **Growing appetite for MedTech and EdTech solutions in MENA**, with further support from local governments with approximately USD 8.5bn in regional HealthTech expenditure in the pipeline by 2023. Amanat management communicated interest in tapping both fields and recently completed the group's first AED 18.4m venture capital investment in EdTech, becoming the principal MENA strategic partner of US-based education company BEGiN.

Exhibit 27: Global MedTech and EdTech funding grew at 22% and 14% CAGR respectively in 2015-19



Source: StartupHealth, PitchBook, Holon IQ, Australian Trade and Investment Commission, CBInsights, Global Marekt Insights, Arqaam Capital Research

Exhibit 28: Only 9% of global innovators founded after 2010 have been acquired or conducted an IPO



Source: Rock Health Digital Health Funding Database, Arqaam Capital Research

- **Transparent regulatory landscape**- (i) clear licensing guidelines from regional ministries of healthcare and education, (ii) joint approach with MoE, with the latter approving governance and management structure, placing representatives on the Council of Trustees (main academic related governing body of a university), evaluates and approves syllabi and changes in program offerings, and (iii) drive towards quality via accreditations.

Portfolio companies

Exhibit 29: Summary of investments

Date	Target company	Country	Ownership	Purchase consideration (AEDm)	Net assets	Goodwill	Principal activities
Aug-15	Sukoon International Holding	KSA	33.25%	198	129	69	Provides tertiary care through its International Extended Care Center (IECC), a flagship JCI-accrediated facility in Jeddah. Services include acute extended care, critical care and home care medical services.
Feb-16	Sukoon International Holding	KSA	Capital increase	16			Provides tertiary care through its International Extended Care Center (IECC), a flagship JCI-accredited facility in Jeddah. Services include acute extended care, critical care and home care medical services.
Apr-16	Taaleem Holdings	UAE	16.34%	146	105	41	Provides early childhood, primary and secondary education delivering teaching through British, American and International Baccalaureate curricula, as well as multi-lingual early childhood programs. The group owns 7 institutions in Dubai and 2 in Abu Dhabi.
Jan-17	International Medical Center (IMC)	KSA	13.18%	360	111	249	Provides multi-disciplinary tertiary healthcare services, geared towards the high-end segments of Western Saudi Arabia.
Dec-17	Taaleem Holdings	UAE	5.36%	52			Provides early childhood, primary and secondary education delivering teaching through British, American and International Baccalaureate curricula, as well as multi-lingual early childhood programs. The group owns 7 institutions in Dubai and 2 in Abu Dhabi.
Mar-18	Abu Dhabi University Holding (ADUH)	UAE	35.00%	330	208	121	Specialized in private undergraduate and post-graduate education across Abu Dhabi and Al Ain.
Jun-18	Real estate assets of North London Collegiate School Dubai (NLCS)	UAE	100.00%	375			Premium International Baccalaureate (IB) curriculum K-12 school located in Dubai, of which Amanat owns 100% of its real estate assets.
Aug-18	MiddleSex University (MDX)	UAE	100.00%	419	419	--	First overseas campus of MDX London. Offers foundation, undergraduate and postgraduate degree programs in Business, Law, Art and Design, Science and Technology, Health and Education, and Media.
Aug-18	Royal Hospital for Women and Children (RHWC)	Bahrain	69.30%	142	142	--	The only specialized private hospital in Bahrain providing end-to-end holistic care for women and children. Services include: maternity, gynecology, IVF, aesthetic and other surgical services, as well as general and surgical pediatric offerings.
Oct-19	Real estate assets of North London Collegiate School Dubai (NLCS)	UAE	Expansion	32			Premium International Baccalaureate (IB) curriculum K-12 school located in Dubai, of which Amanat owns 100% of its real estate assets.
Oct-20	BEGiN	US	2.00%	18			US-based education technology company, focused on early childhood education through an engaging platform aimed at children between two and eight years of age.

Source: Company Data, Arqaam Capital Research

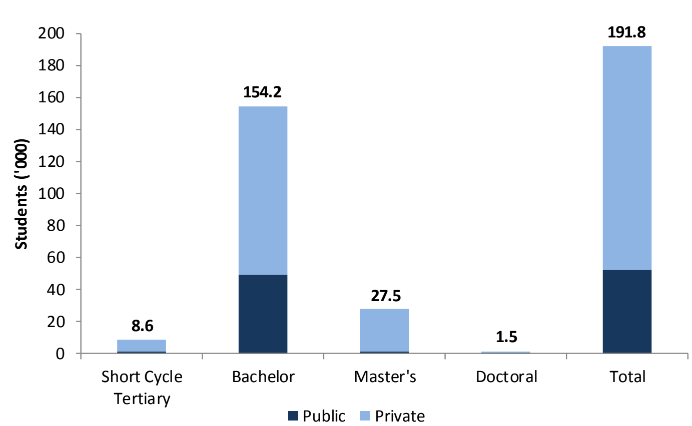
Portfolio companies

- **Amanat holds the largest healthcare and education portfolio in the GCC, with 5 investments in the education field (MDX, NLCS, ADUHC, Taaleem and a venture capital investment in BEGiN) and 3 holdings in healthcare facilities in Bahrain (RHWC) and KSA (Sukoon and IMC).**
- **Although the education price index has consistently exceeded CPI in the GCC, we see short-term headwinds to tuition fees (lower billing and collection) with slowdown in enrollments due to expat exodus coupled with the likely repatriation of foreign students (c.50% of higher education in the UAE). That said, we expect education assets to post steady income growth, conservatively penciled in at 3% with c.7% RoI led by NLCS. Key catalysts: Recent ADU expansion in Dubai/Al Dhafra and relocation of Al Ain campus adding c.15% to overall capacity, Raha 2 development at Taaleem expanding group network capacity by 25%.**
- **Income from healthcare investments gradually improves from negative levels in FY 20e, with RHWC and Sukoon turning profitable in FY 21e, boosting average yields to c.6% by FY 25e. Key catalysts: breakeven at RHWC with launch of new services, 15% capacity increase at Sukoon, operational improvements at IMC.**

1- Middlesex University Dubai (100% ownership)

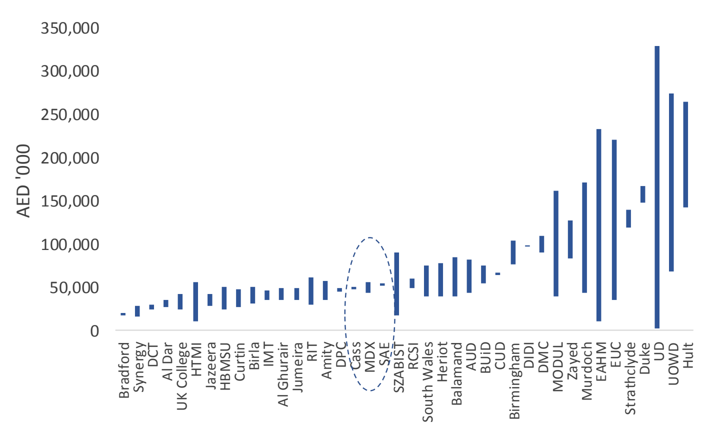
Largest investment to date, generating c.32% of revenues from investments…Amanat completed the acquisition of 100% of MDX Dubai in August 2018, for a total consideration of AED 369m, with an additional potential earn-out of up to AED 28m. Established in 2005, MDX Dubai is the first overseas campus of Middlesex University of London. With over 3,000 students from 100 nationalities, MDX Dubai offers quality education for affordable fees in foundation, undergraduate and postgraduate degree programs in a wide range of majors, using the same validation and monitoring system as the London campus.

Exhibit 30: MDX accounts for c.2% of 192k students in higher education in the UAE (2017)



Source: Ministry of Education, Arqaam Capital Research

Exhibit 31: Tuition fees range AED 43,400 - 55,700 per annum



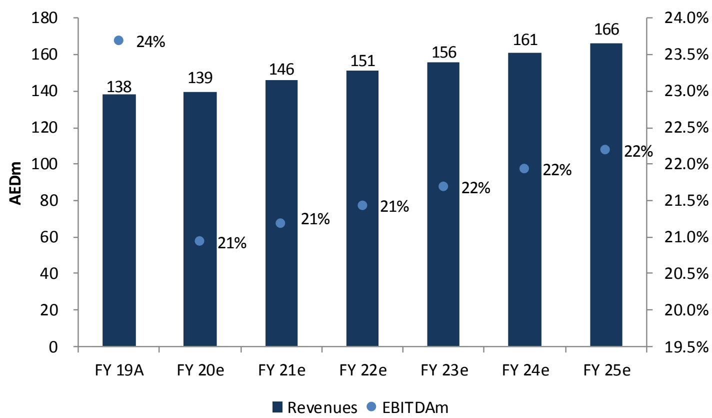
Source: Edarabia, Arqaam Capital Research

…on which Amanat recently terminated an SPA: Amanat signed a sale and purchase agreement with Study World Education Holding Group back in Jul 2020, but followed with a termination in October in the best interest of shareholders, due to a prolonged completion process.

Profits recede 3.6% y/y in 9m 20A despite notch up in revenues (c.6% increase in enrolments, partially offset by higher discounts and scholarships, drop in other ancillary revenues due to

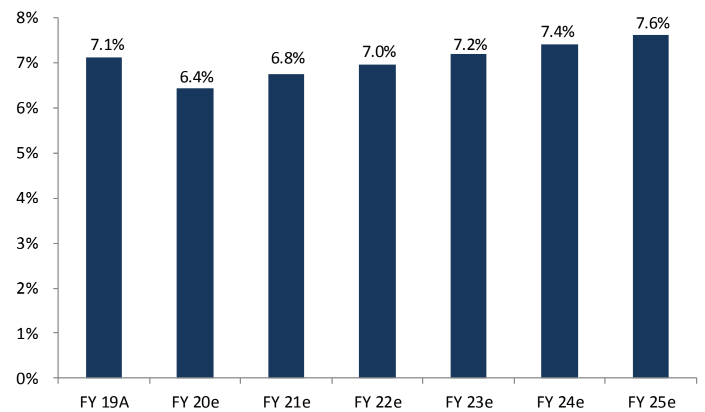
COVID and lower occupancy of student accommodation) due to higher staff costs to accommodate the increase in students as well as higher bad debt provision due to the pandemic. MDX rapidly adapted to the change in learning models, transitioning to an online system to ensure all students would continue receiving high quality education.

Exhibit 32: We conservatively pencil in 3% top line growth with steady improvement in EBITDAm…



Source: Company Data, Arqaam Capital Research

Exhibit 33: …generating c.7-8% RoI in the medium-term



Source: Company Data, Arqaam Capital Research

We forecast earnings to grow at an FY 20-25e CAGR of 4.9%, yielding c.8% RoI by FY 25e, on the back of (i) 3.6% top line CAGR, supported by conservative 3.2% growth in enrolled students, with price hikes likely off the table in the near-term, coupled with (ii) modest improvement in operating margins following one-off bad debt provisions in H1 20A driven by COVID-19.

2- North London Collegiate School Dubai (100%)

Amanat's first and only social infrastructure investment, valued at AED 399m: Located on a 38,000 square meter plot in the Sobha Hartland development at Mohammed bin Rashid Al-Maktoum City, NLCS Dubai is the second overseas campus of NLCS, a leading independent day school founded in 1850 and located in Edgware, London. The London school has a key role in recruiting and training teaching staff at NLCS Dubai, with regular monitoring visits and inspections as well as substantial links between pupils and teachers across the schools. NLCS Dubai's campus offers a wide range of amenities including 8 science labs and performing arts center, as well as an array of sporting facilities including tennis courts, a cricket/rugby field and 2 indoor swimming pools.

Classified as finance lease with 8.25% yield, escalating at 1.5ppt per annum: The group entered into a sale purchase agreement to acquire the school building complex from PNC Investments (third party), the parent company of the Sobha Group, for a total consideration of AED 360m with an additional AED 45m (of which AED 23m deployed as of June 20A) committed towards the school's future expansion plans. Subsequently, Amanat, acting as a lessor, entered into another agreement with the same third party to lease the school building for a period of 25 years, renewable for a period of 5 years based on mutual consent of both parties. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17, which means the group continues to classify the lease as finance using similar principles.

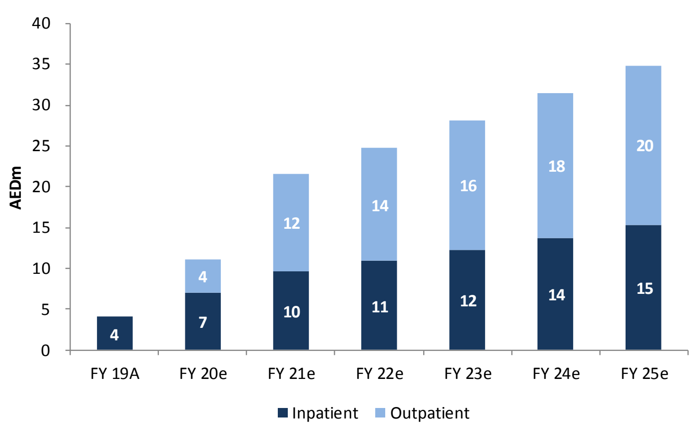
3- Royal Hospital for Women & Children (69%)

Among Amanat's youngest ventures, with a unique positioning as Bahrain's only Women and Children specialized hospital in the private sector: With an operational capacity of 30 beds (increased following recent reconfiguration), RHWC offers end-to-end holistic care for women that includes maternity, gynecology, IVF, aesthetic and other surgical services, as well as general and surgical pediatric offerings. The hospital sits on a LT lease and a land bank, both of which provide leeway for physical expansion in the future.

Remains in the red with net losses widening 35% y/y in 9m 20A: While construction and procurement were complete at the time of investment in August 2018, suggesting limited execution risk, the facility only launched operations in March 2019, and hence remains lossmaking at the operating level. The pace of ramp-up was adversely affected by COVID restrictions, leading to the temporary suspension of elective procedures in April-May 2020, with only essential services being allowed (OBGYN, pediatrics, and urgent care).

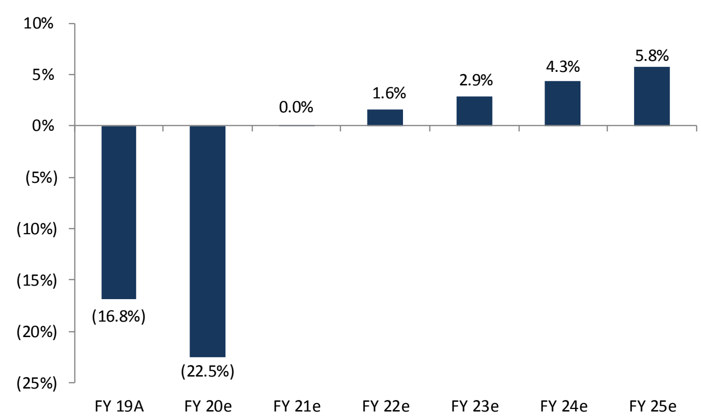
We expect operations to breakeven in FY 21e as revenues recover to pre-COVID levels starting June with the easing of restrictions driving pickup in elective procedures, and supporting volumes across IP and OP (revenues +92% y/y in Q3), with the activation of 90% of the hospital's service lines including IVF, Emergency, Bariatric, Orthopedics and Plastic Surgery.

Exhibit 34: Pickup in outpatient services to drive growth in FY 20-25e…



Source: Company Data, Arqaam Capital Research

Exhibit 35: …supporting gradual increase in RoI to c.6% by FY 25e

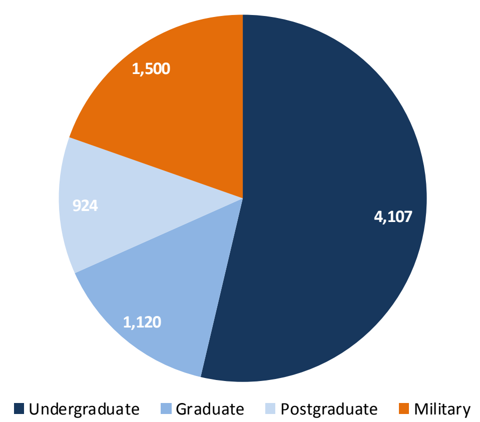


Source: Company Data, Arqaam Capital Research

4- Abu Dhabi University Holding Company (35%)

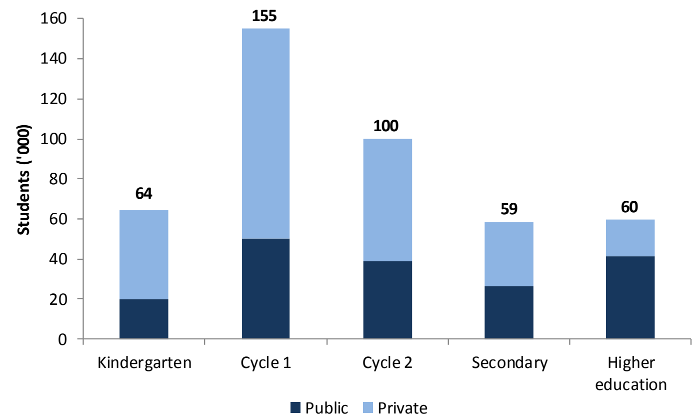
Largest private university in Abu Dhabi and Al Ain with c.13% market share hosting around 8,000 students in higher education, vocational and corporate training sectors, and substantial infrastructure and land bank to support future growth. Both expansion to Dubai/Al Dhafra and relocation of Al Ain campus add c.15% to overall capacity.

Exhibit 36: ADU hosts over 7,500 students…



Source: ADU, Arqaam Capital Research

Exhibit 37: …representing c.13% market share in higher education in Abu Dhabi



Source: ADU, Arqaam Capital Research

Income in 9m 20A doubles to AED 18.7m (vs. total investment revenues of AED 16.9m)…supported by (i) 5% y/y top line growth on strong spring enrolments and more credit hours sold reflecting high satisfaction with distance learning, both of which covered for lower auxiliary services, weaker training revenues and higher scholarships. Larger revenues were coupled with (ii) improved operating efficiency (NPM +9ppt to 15%) thanks to cost restructuring initiatives.

…yielding c.7% return on investment: We pencil in 6.2% earnings CAGR in FY 20-25e on (i) 4.7% top line growth primarily supported by new enrolments as we factor nil increase in tuition fees (competition, slowdown in auxiliary services), coupled with (ii) 2.3ppt widening in EBITDA margins on further efficiencies as the group grows its student base (4.2% in new enrolments).

5- Sukoon (33%)

Amanat's earliest investment since 2015, specialized in acute and post-acute care with room to grow bed capacity by up to 80% at its flagship JCI-accredited facility, International Extended Care Center (IECC), in Jeddah. Turnaround strategy identified in 2019 includes facility redesign and renovation, client diversification away from MoH, enhancement in revenue cycle management and cost rightsizing (50% cut in work force, renegotiation of supplier contracts) along improvements in recoverability of receivables.

Temporary reduction in capacity drives revenues down 33% y/y in 9m 20A due to facility refurbishment, which coupled with c.AED 52m in provisions on receivables, resulted in c.AED 66m in losses (AED 14m pre-one off), only partially offset by cost saving initiatives.

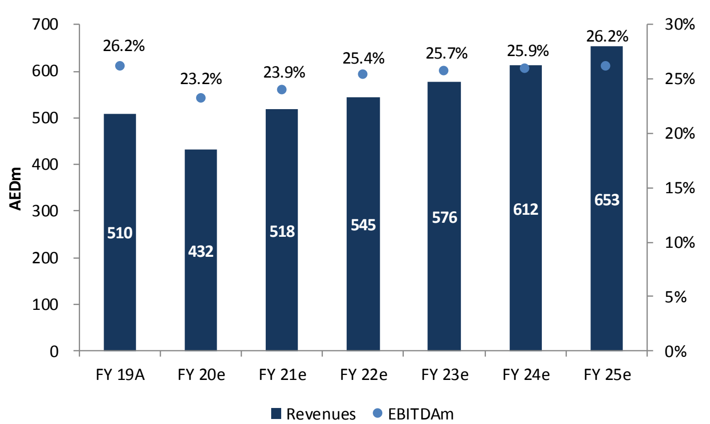
Steady 6-7% growth in geriatrics (c.30% of existing beds blocked by LT care patients) to support sustainable revenue stream for Sukoon, further boosted by the facility's increased capacity of 180 beds starting FY 21e (post revamp) and 200 beds starting FY 24e as IECC operates at optimal occupancy of c.90%. We expect Sukoon to turn back profitable in FY 21e with the revamp project set for completion by H2 21e, and estimate AED 29m in net profits by FY 25e implying net profit margins of 15% supported by both top line growth (c.10%) and improved operating efficiency.

6- Taaleem (22%)

Serving more than 8.8k students in K-12 and early learning across 9 institutions (7 in Dubai, 2 in Abu Dhabi) with multiple curricula including British, American and International Baccalaureate, as well as a multi-lingual early childhood program.

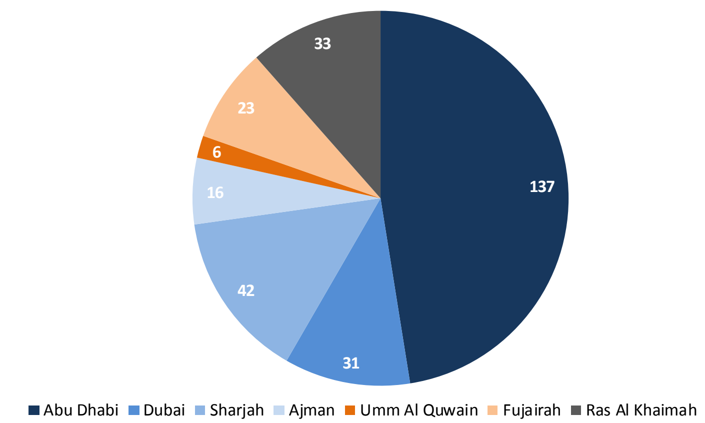
Expanding capacity by 25% through the development of Al Raha International School 2 ("RIS 2") in Abu Dhabi, with phase 1 (c.300 students) completed in September 2020, and full launch (c.3k students) scheduled by September 2021. RIS 2 is an expansion of Al Raha International School, which has an 'Outstanding' rating, and is currently operating at full capacity with a healthy waiting list.

Exhibit 38: We pencil in c.9% top line growth thanks to new enrolments supported by capacity expansion



Source: Company data, Arqaam Capital Research

Exhibit 39: Taaleem owns 5% student share across Dubai and Abu Dhabi



Source: Ministry of Education, Arqaam Capital Research

Discounts encourage re-enrolments into 2021, result in temporary earnings slip: YtD income from Taaleem receded c.61% y/y to AED 4.6m on (i) 9% decline in revenues on the back of implementation of 20-25% discounts, 50% of which were applied for term 3 with remaining given as credit for parents for the following school year, incentivizing re-enrolments. And (ii) implementation of IFRS 16, which shed AED 3.5m from net income, implying 10% y/y drop on a like for like basis. This was partially offset by cost savings thanks to efficiency measures implemented across operations since 2019.

Taaleem to grow net profits at 16.1% CAGR in FY 20-25e on the back of (i) 8.6% increase in revenues thanks to a healthy flow of new student enrolments supported by larger capacity (Raha 2 addition) coupled with (ii) 3ppt widening in EBITDA margins on improved utilization of fixed staff costs (75% of total expenses).

7- International Medical Center (13%)

Premium provider in Jeddah, expanding functional space by 50% by FY 22e through a new tower accommodating all sub-specialties, doubling ICU and ER capacities. Expansion plans additionally included the bolt-on acquisition of First Clinic, a medical complex in Jeddah, back in July 2019. The acquisition was followed by the financial, operational and strategic integration of the complex into IMC's platform.

Curfew measures and restrictions take a toll on revenues YtD as MoH instructs healthcare operators to postpone elective operations and non-essential business to minimize patient mobility and avoid overcrowding of facilities. Top line recedes 1.5% y/y in 9m 20A, pushing net earnings in the red with losses of AED 0.3m. Nevertheless, patient activity recovers starting June as restrictions are lifted in Jeddah, supporting significant income improvement in Q3 (AED 4.2m on 11% rev growth) from the loss of AED 4.5m booked in H1 20A.

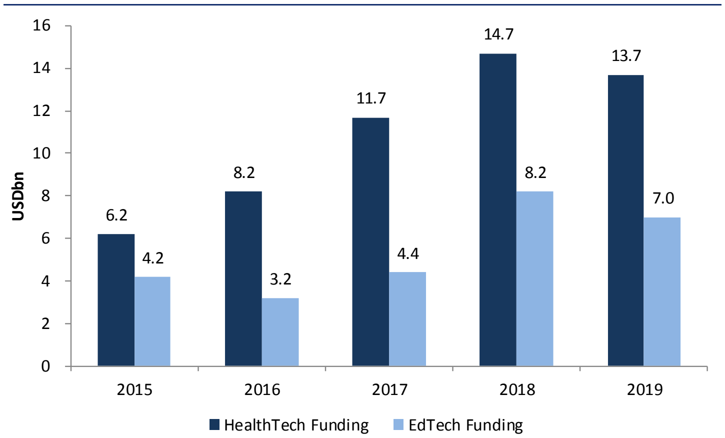
We conservatively pencil in 9.9% top line CAGR in FY 20-25e, supported by ramp up at the group's existing 300-bed facility and integrated operations at First Clinic, further boosted by the incoming 150-beds by FY 22e. Operational improvement initiatives should double EBITDA margins from FY 20e lows to c.17% by FY 25e, implying c.6% return on investment.

8- BEGiN (2%)

Amanat's first venture capital investment, in line with the group's capital allocation (5% of CapEx vs. 70% on platform companies and 25% on social infrastructure) and goals to invest in rapidly-growing education and healthcare technology players, presenting a strategic fit within the existing portfolio. BEGiN is US-based leading education technology company focused on early childhood education (between two and eight years of age), partnering with world-class players in children's education, entertainment and technology, such as LEGO Ventures, Sesame Workshop, and Gymboree Play & Music among others.

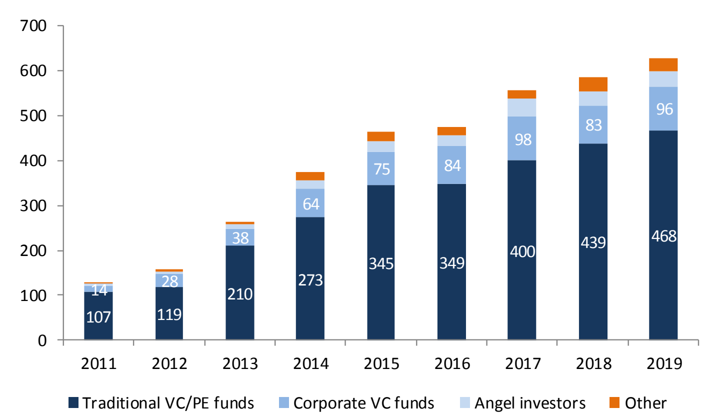
As part of the AED 18.4m investment in C-financing round, Amanat becomes BEGiN's principal strategic partner in MENA, leveraging its industry expertise and existing network to drive growth. BEGiN will use the USD 50m in total Series C funding to (i) launch the industry's first comprehensive early learning program across digital, physical, and in-person experiences, (ii) co-develop curriculum alongside trusted partners such as Sesame Workshop, and (iii) launch globally through distribution partners.

Exhibit 40: Global MedTech and EdTech funding grew at 22% and 14% CAGR respectively in 2015-19



Source: StartupHealth, PitchBook, Holon IQ, Australian Trade and Investment Commission, CBInsights, Global Marekt Insights, Arqaam Capital Research

Exhibit 41: Corporate venture capital participation in MedTech remained stable since 2015 (VC deals by fund type)

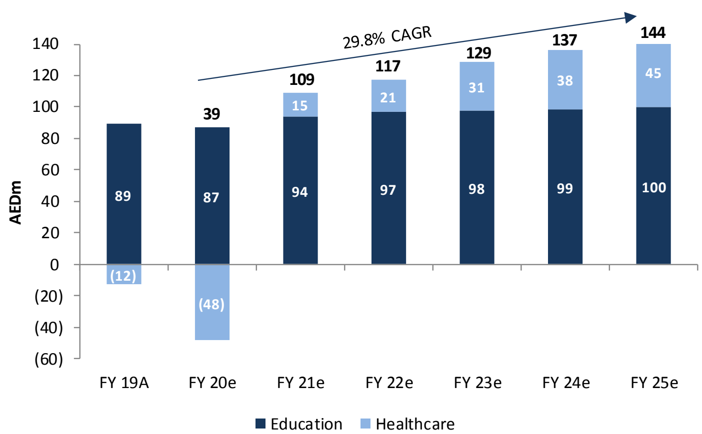


Source: Rock Health Digital Health Funding Database, Arqaam Capital Research

Consolidated outlook

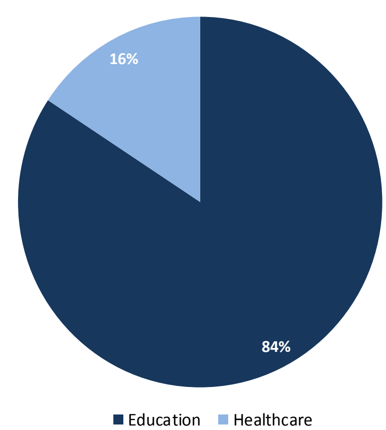
- **Cost-optimization is a recurring theme across both holding and group portfolio as management pushes for digitization of workflows, and implementing a series of staff restructuring measures while cutting administrative, travel and marketing costs.**
- **We forecast income from all 7 investments to grow at an FY 20-25e CAGR of 30% from a weak base with education portfolio (NLCS, MDX, ADUHC and Taaleem) generating c.84% of revenues.**
- **Education assets to post steady income growth, conservatively expected at 3% with c.7% RoI led by NLCS. Key catalysts: Recent ADU expansion in Dubai/Al Dhafra and relocation of Al Ain campus adding c.15% to overall capacity, Taaleem Raha 2 development expanding student capacity by 25%.**
- **Income from healthcare investments gradually improves from negative levels in FY 20e, with RHWC and Sukoon turning profitable in FY 21e, boosting average yields to c.6% by FY 25e. Key catalysts: breakeven at RHWC with launch of new services, 15% capacity increase at Sukoon, operational improvements at IMC.**

Exhibit 42: Income from investments to grow at an FY 20-25e CAGR of 30%...



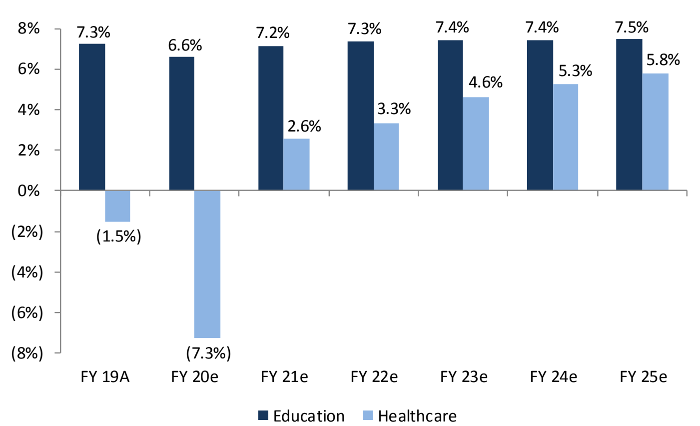
Source: Company Data, Arqaam Capital Research

Exhibit 43: ...with education portfolio generating c.80% of revenues



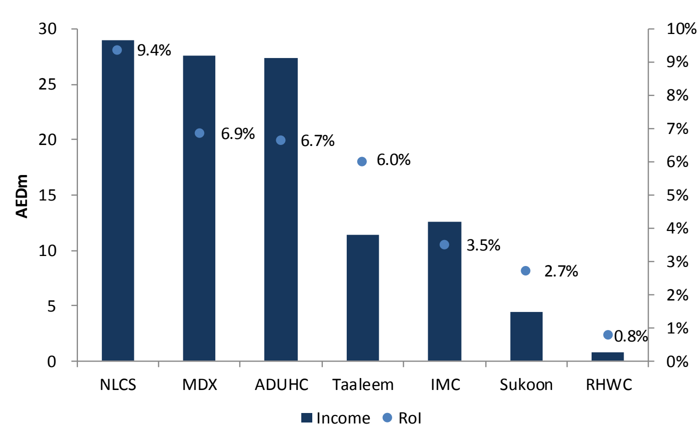
Source: Company Data, Arqaam Capital Research

Exhibit 44: Education investments to yield c.7% return on investments, above that of healthcare at c.6%



Source: Company Data, Arqaam Capital Research

Exhibit 45: NLCS, MDX and ADUHC to account for c.74% of total income in FY 21-22e



Source: Arqaam Capital Research

Exhibit 46: Summary of estimates (AEDm)

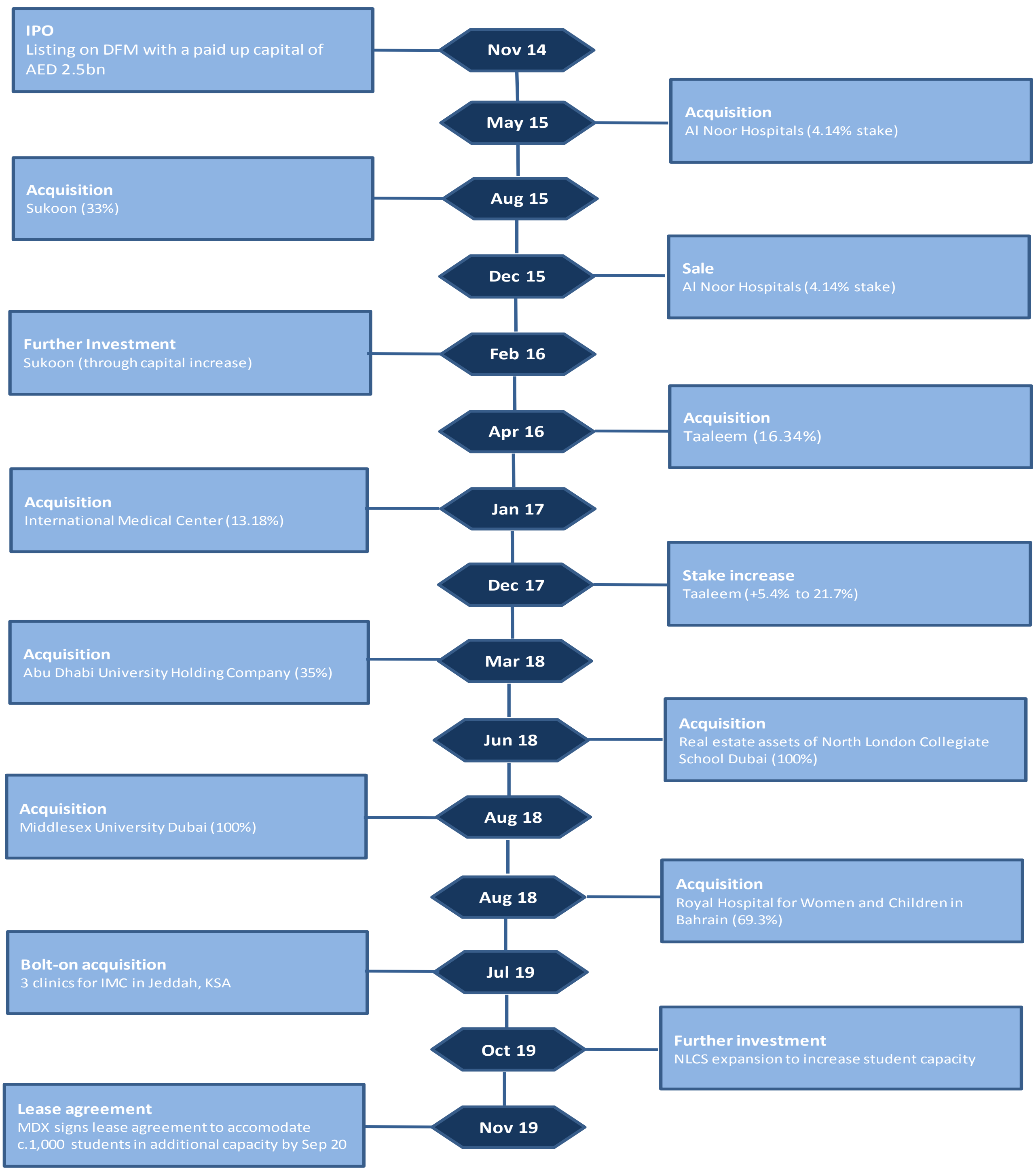
Income from investments*		FY 19A	FY 20e	FY 21e	FY 22e	FY 23e	FY 24e	FY 25e
NLCS**		27	30	31	27	24	20	17
	Growth		*13%*	*2%*	*(11%)*	*(13%)*	*(14%)*	*(16%)*
MDX		27	25	27	28	30	31	32
	Growth		*(6%)*	*7%*	*5%*	*5%*	*5%*	*5%*
RHWC		(20)	(22)	0	2	3	5	7
	Growth		*(9%)*	*100%*	*9057%*	*93%*	*56%*	*41%*
ADUHC		21	25	27	28	30	32	33
	Growth		*18%*	*8%*	*6%*	*6%*	*6%*	*5%*
Sukoon		(7)	(27)	3	5	6	8	10
	Growth		*(274%)*	*112%*	*62%*	*17%*	*29%*	*15%*
Taaleem		15	7	10	13	14	16	17
	Growth		*(49%)*	*35%*	*30%*	*11%*	*9%*	*10%*
IMC		15	1	12	14	22	25	28
	Growth		*(92%)*	*808%*	*18%*	*59%*	*15%*	*14%*
Total income		**77**	**39**	**109**	**117**	**129**	**137**	**144**
	Growth		*(49%)*	*179%*	*7%*	*10%*	*6%*	*6%*

*Source: Company Data, Arqaam Capital Research *excluding PPA **declining receivables balance*

Company Overview

History of Incorporation

Exhibit 47: History of incorporation



Source: Company Data, Arqaam Capital Research

Management

H.E. Hamad Alshamsi- Chairman: H.E. Hamad Alshamsi brings to Amanat a diverse background in leadership, being the chairman and board member of several leading government and private entities across finance, aviation, media and services fields, including Dubai Islamic Bank, Kuwait Food Company and Marka Holding. He is also currently CEO of a private investment company specializing in investments and large-scale real estate development projects. H.E. Al Shamsi served in the Abu Dhabi Investment Authority prior to moving to the private department of his Highness the late Sheikh Zayed Bin Sultan Al Nahyan.

Dr. Mohamad Hamade- Chief Executive Officer: Dr. Hamade has a wealth of experience in the healthcare and education sectors across the US, Middle East, and India, having served as Chief Investment Officer of VPS Healthcare, Principal at TVM Capital and lead Associate at Booz and Company, prior to joining Amanat. Dr. Hamade holds an M.D. and a BSc in Biology from the American University of Beirut, and an MBA from Cornell University in the USA. He also holds a Research Fellowship Certificate in ENT Surgery from Harvard Medical School.

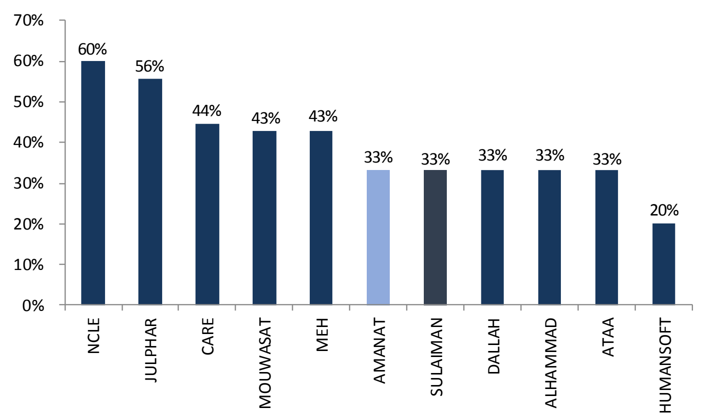
Amer Jeambey- Acting Chief Financial Officer and Head of Healthcare: Amer joined Amanat Holdings from Ithmar Capital Partners where he served as Director of Investments, focusing on special situations investing across public and private entities. Prior to Ithmar, Amer assumed the roles of VP at CPC Africa (a pan-African infrastructure investment company), Investment Advisor at Booz & Company advising on strategy formulation, operating model design and portfolio optimization, and M&A advisory at Audi Capital in Riyadh. Amer holds an MBA from Columbia Business School, MA in Financial Economics and BA in Economics both from the American University of Beirut.

Fadi Habib- Head of Education: Fadi executes Amanat's mandate through evaluating investment opportunities and leading strategic initiatives at portfolio companies. Prior to joining Amanat, Fadi served at Senior Associate in Equity Research covering publicly-listed banks and insurance companies at Scotiabank Global Banking & Markets in Toronto, and held roles in Corporate Banking and Asset Management at Canadian financial institutions. He is a CFA charter holder, and holds a BSc in Engineering, with Honors, from Queen's University in Canada and an MBA from McMaster University in Canada.

Corporate governance

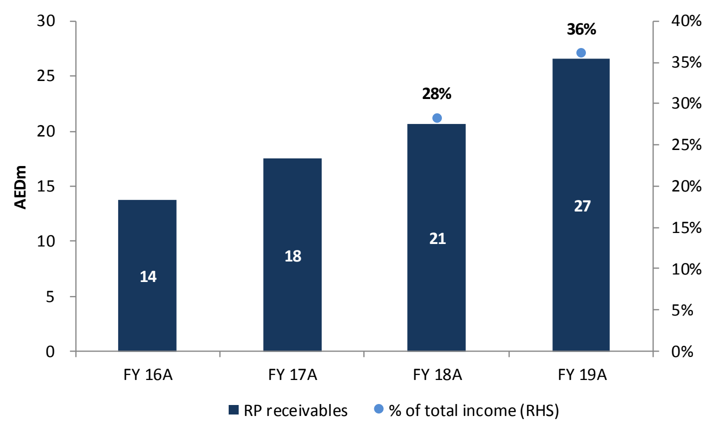
- **Amanat's Board of Directors is appropriately structured with one third of members being independent, in line with average for regional healthcare and education firms.**
- **No material transactions with related parties, with a receivable balance of AED 27m, c.36% of total income from investments in FY 19A.**
- **Remuneration of senior management accounts for c.18% of total investment income, of which bonus payments represent c.23%.**
- **Cost optimization and operational efficiency at the holding level drive Amanat-related general and admin expenses down 10% y/y to 62% of investment income in FY 19A.**

Exhibit 48: % of independent BoD



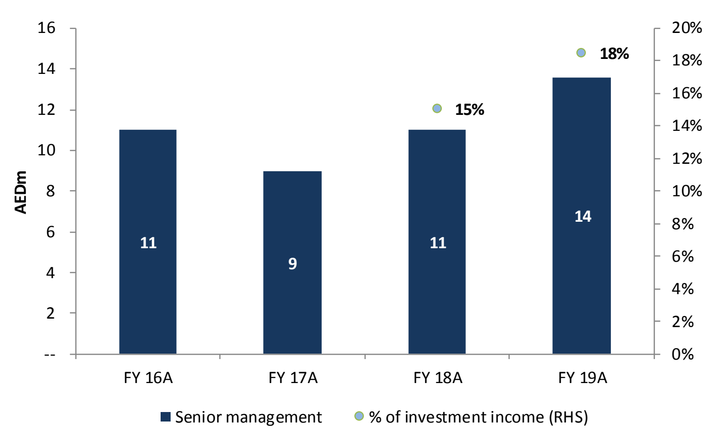
Source: Company Data, Arqaam Capital Research

Exhibit 49: Related Party receivables



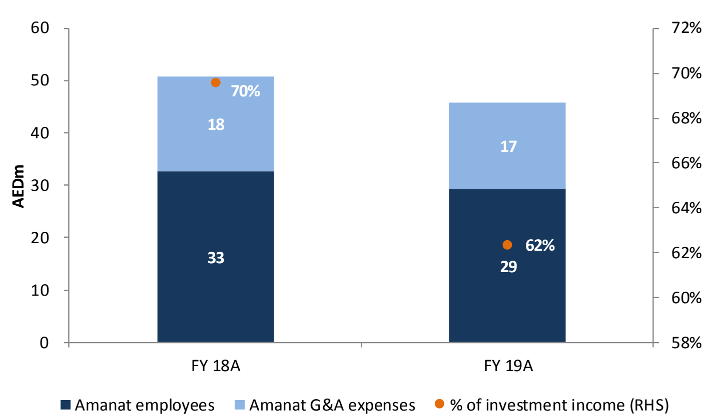
Source: Company Data, Arqaam Capital Research

Exhibit 50: Senior management compensation accounts for c.18% of total investment income (FY 19A)



Source: Company Data, Arqaam Capital Research

Exhibit 51: Amanat related general and admin expenses (including employees) down 10% y/y to 62% of investment income (FY 19A)



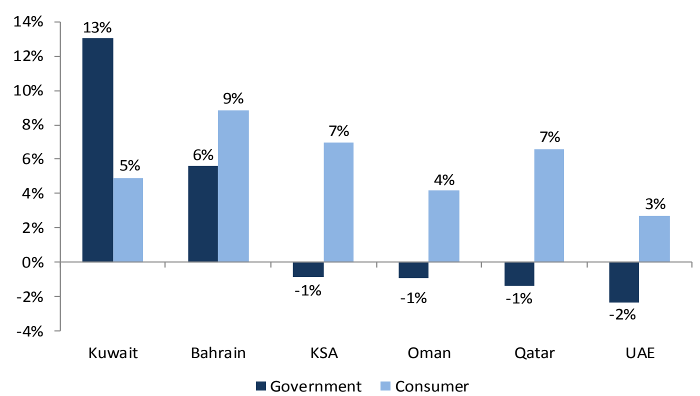
Source: Company Data, Arqaam Capital Research

Macro backdrop

Education

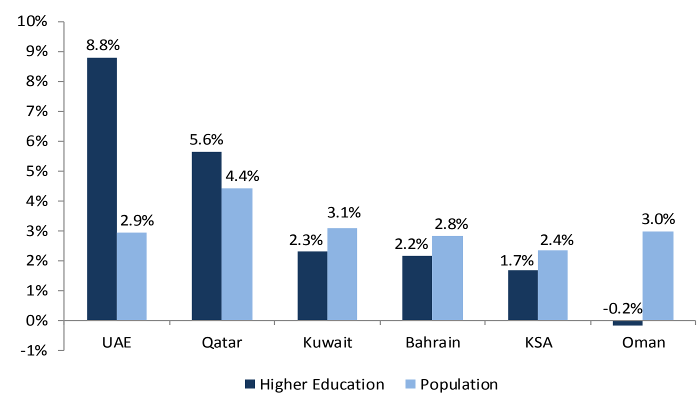
- **While the education sector accounts for 19% and 17% of government budgets in KSA and the UAE respectively and employs c.10% of working population in the GCC, public funding remains limited (down 1-2% in 2014-19) due to Saudi's continuous efforts to eliminate the budget deficit, coupled with targets to increase private sector contribution in the space from current 9% student share. On the other hand, the private sector plays a far more prominent role in the UAE with 74% student share.**
- **Although the education price index has consistently exceeded CPI in the GCC, we see short-term headwinds to tuition fees (lower billing and collection) with slowdown in enrollments due to expat exodus coupled with the likely repatriation of foreign students (c.10% of higher education in the GCC, with elevated concentrations in the UAE and Qatar at 50% and 34% of local counts respectively).**
- **Edtech solutions pave the way for digital learning, with flurry of new remote learning opportunities and GCC governments working towards integrating educational resources on websites and applications.**

Exhibit 52: Government expenditure on education notched down 1% in 2014-19, while consumer spending grew 5% in the same period



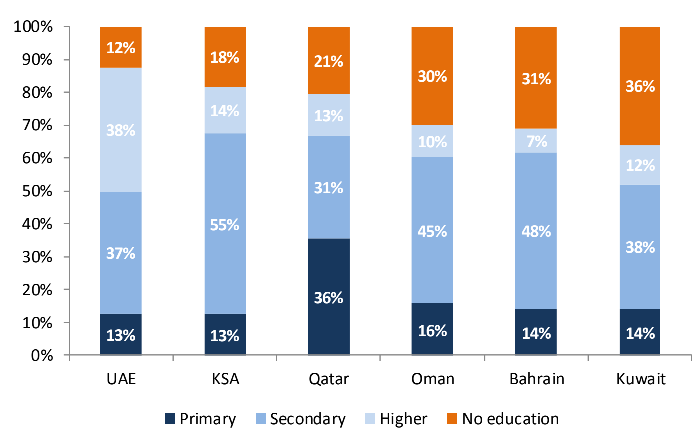
Source: Euromonitor, Arqaam Capital Research

Exhibit 53: Students in higher education vs. population CAGR 2014-19



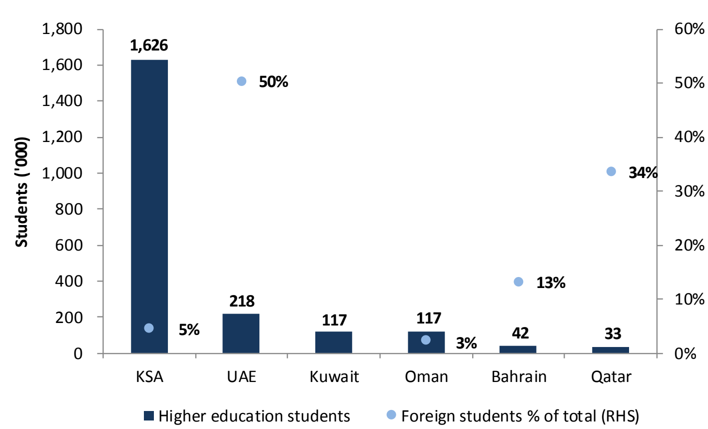
Source: Euromonitor, Arqaam Capital Research

Exhibit 54: UAE exhibits the highest percentage of population aged 15+ with higher education



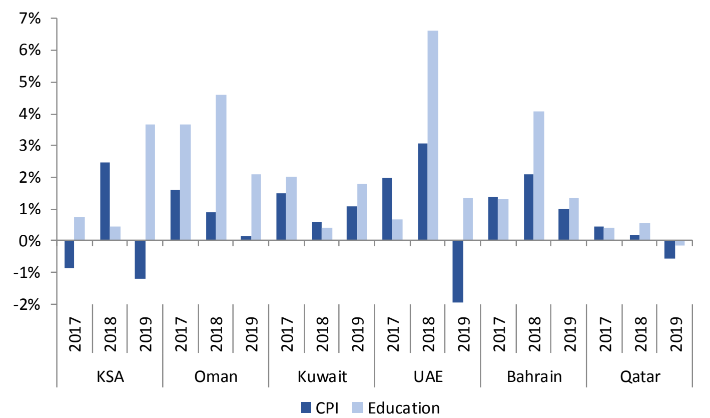
Source: Euromonitor, Arqaam Capital Research

Exhibit 55: Saudi Arabia and the UAE host 85% of the 2.2m students in higher education in the GCC (2019)



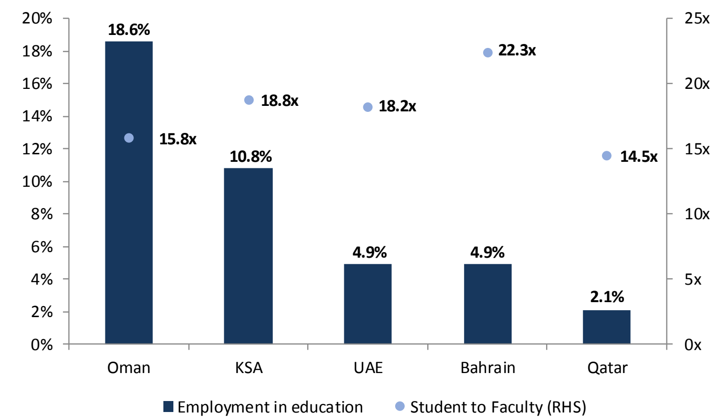
Source: Euromonitor, Arqaam Capital Research

Exhibit 56: Education price index exceeds CPI in the GCC



Source: Euromonitor, IMF, Arqaam Capital Research

Exhibit 57: Education sector employs c.10% of working population, with student to faculty ranging 14-22x

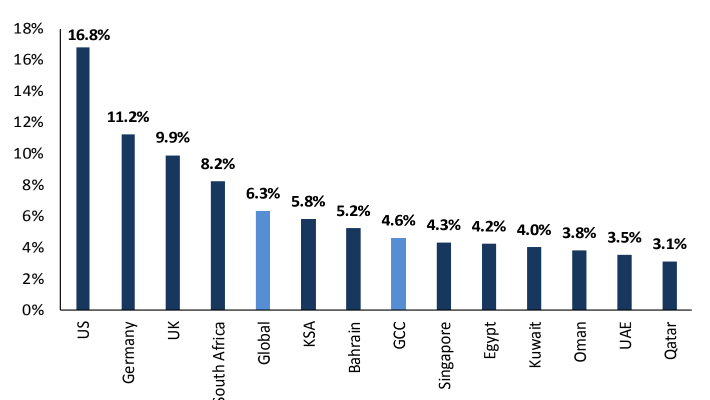


Source: Euromonitor, Arqaam Capital Research

Healthcare

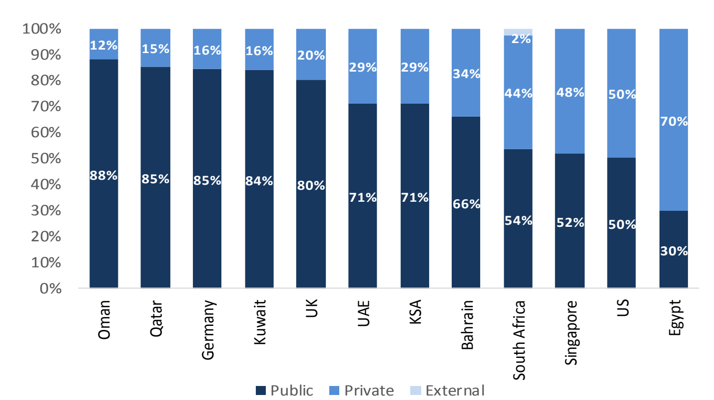
- **The Saudi government continues to play a predominant role in the local healthcare space (c.75% bed share vs. c.42% in the UAE), targets increased private sector participation, moving the state to regulatory and supervisory roles in the long run.**
- **Expat exodus curbs population growth in the region, with more than 780k expats and dependents exiting the market in 9m 2020 (-10%), and limited upside from Saudi enforcement as full PMI adds c.7% to addressable KSA insured market with c.300k primary national remaining uncovered.**
- **Patient activity at Saudi hospitals surpasses pre-COVID levels with consolidated Q3 20A profits rising 55% y/y, supported by inpatient volumes as well as deferred elective business from Apr-May, despite reduced COVID referrals.**
- **Accelerated rollout of new services including telemedicine, homecare, remote patient monitoring and mHealth. The region has long recognized the potential of remote consultation and diagnostics, with previous initiatives including Mubadala's Abu Dhabi Telemedicine Centre (ADTC), Cleveland Clinic Abu Dhabi's online health portal allowing patients to attend virtual visits with physicians, and the more recent MoU between MoHP and Telecom provider Du to develop the region's first virtual hospital.**

Exhibit 58: CHE as % of GDP



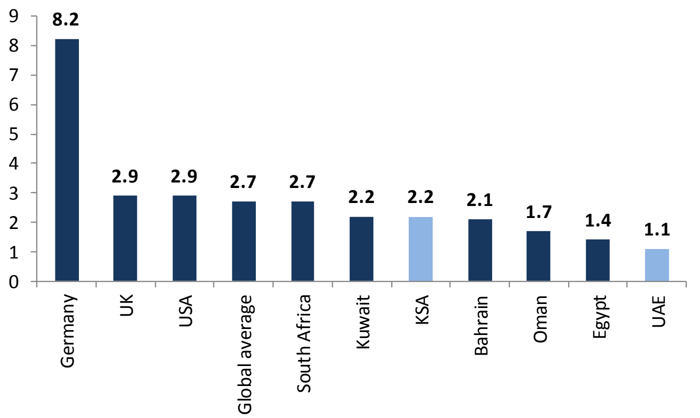
Source: WHO, Arqaam Capital Research

Exhibit 59: Government health expenditure as % of total CHE



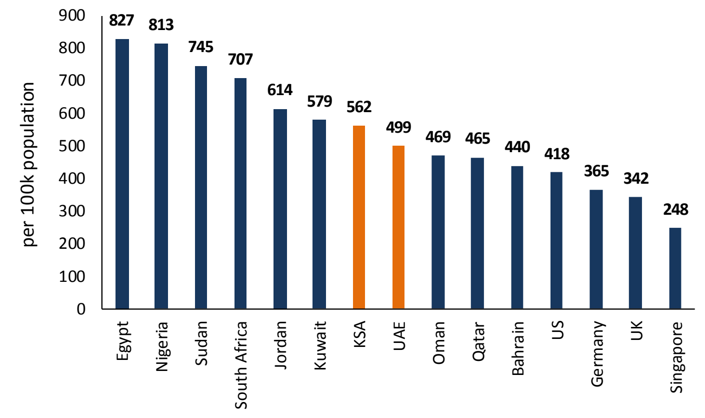
Source: WHO, Arqaam Capital Research

Exhibit 60: Hospital beds/1000 population (latest available)



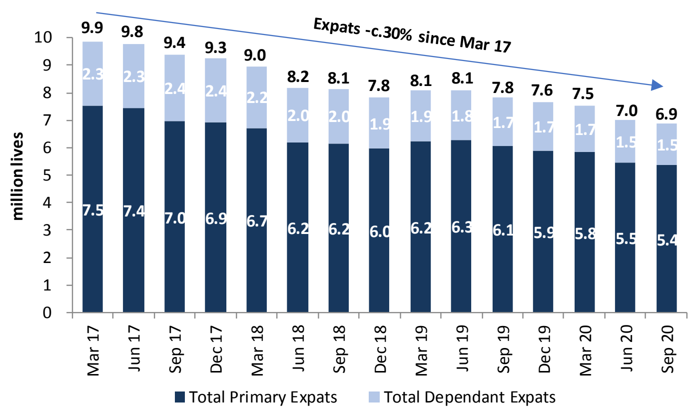
Source: HAAD, Arqaam Capital Research

Exhibit 61: Noncommunicable diseases mortality rate



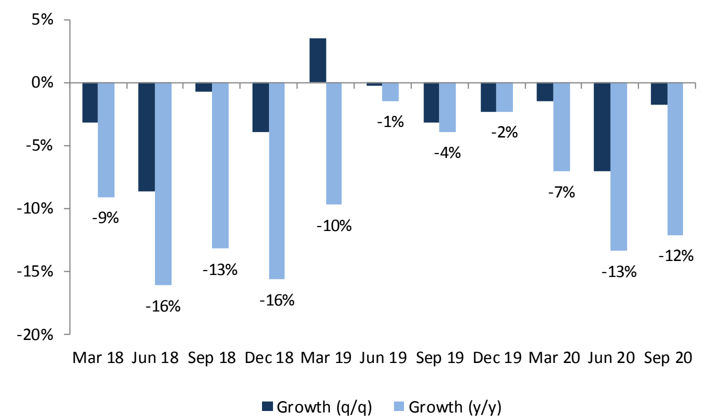
Source: WHO, Arqaam Capital Research

Exhibit 62: CCHI reports c.970k decline in insured expats over the past 12 months…



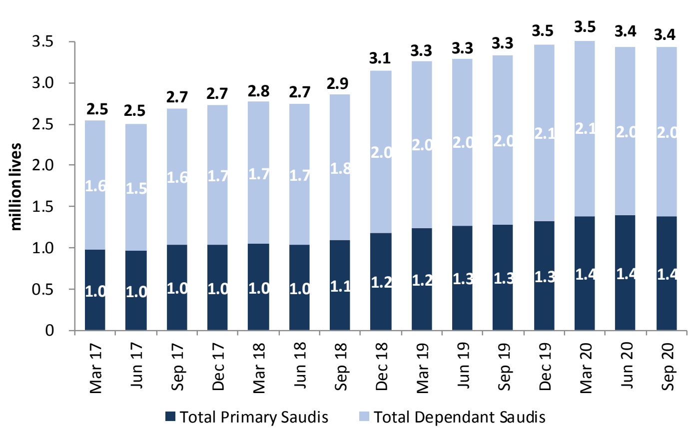
Source: CCHI, Arqaam Capital Research

Exhibit 63: …implying 12% y/y drop as of Q3 20A



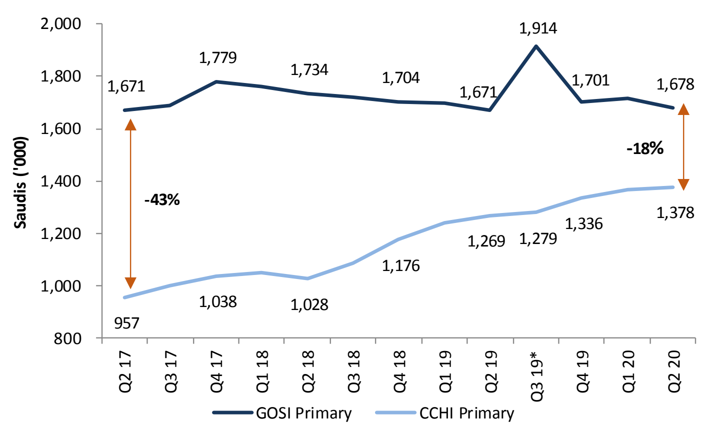
Source: CCHI, Arqaam Capital Research

Exhibit 64: Saudi coverage grew 3% y/y



Source: CCHI, Arqaam Capital Research

Exhibit 65: Saudi PMI Gap



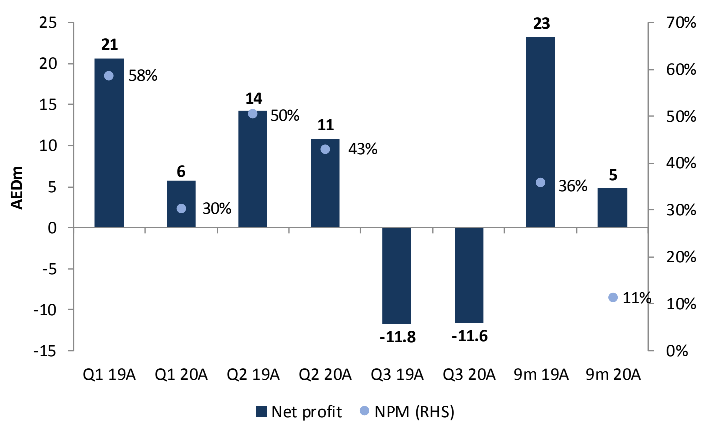
Source: CCHI, Arqaam Capital Research

Appendix

9m 20A results recap and COVID measures

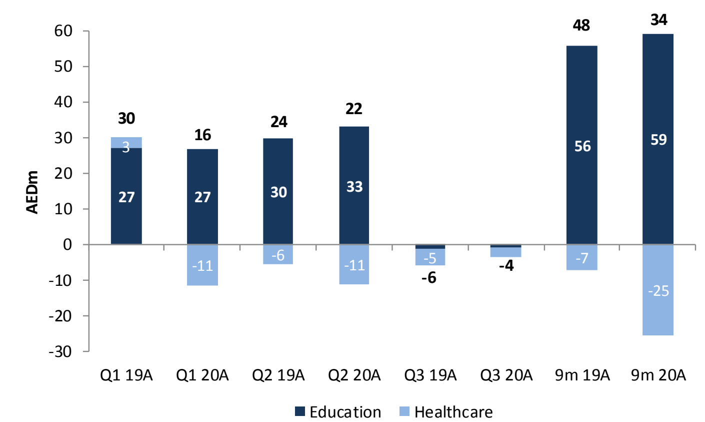
- **Healthcare assets (34% of deployed capital) mark 42% y/y income recovery in Q3 as easing COVID restrictions drive aggregate losses down to AED 2.7m, bringing 9m 20A losses to AED 25.4m (+3.5x y/y), excluding one-off non-cash provision charges on aged receivables at Sukoon.**
- **Impact of COVID was less profound on the education platform (9m 20A income +6% to AED 59m) thanks to management's ability to swiftly pivot to home learning and streamline costs, while increasing student enrollment. Nevertheless, Q3 earnings came in the red at AED 0.8m (+38% y/y) due to lower accommodation income, higher discounts and weaker ancillary revenues.**
- **All in, normalized Q3 results exhibit significant improvement vs. H1 which captured the initial shock of the pandemic on group portfolio- total losses from investments narrow 42% y/y to AED 4m.**

Exhibit 66: Adjusted group profits plummet c.80% y/y to AED c.5m in 9m 20A…



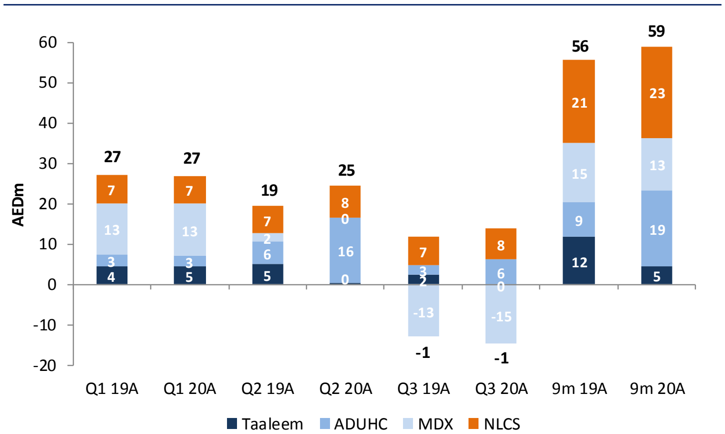
Source: Company Data, Arqaam Capital Research

Exhibit 67: …as income from investments recede 30% y/y to AED 34m



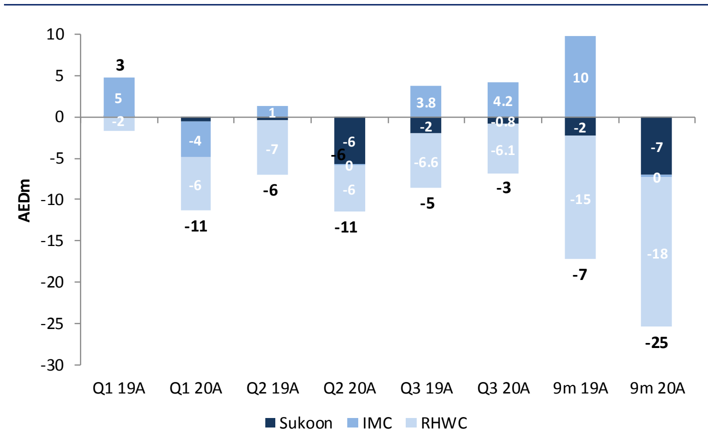
Source: Company Data, Arqaam Capital Research

Exhibit 68: Education portfolio records modest 6% growth in income from investments despite pandemic…



Source: Company Data, Arqaam Capital Research

Exhibit 69: …while healthcare assets record widening losses of AED 25m (up from 7m in 9m 19A)



Source: Company Data, Arqaam Capital Research

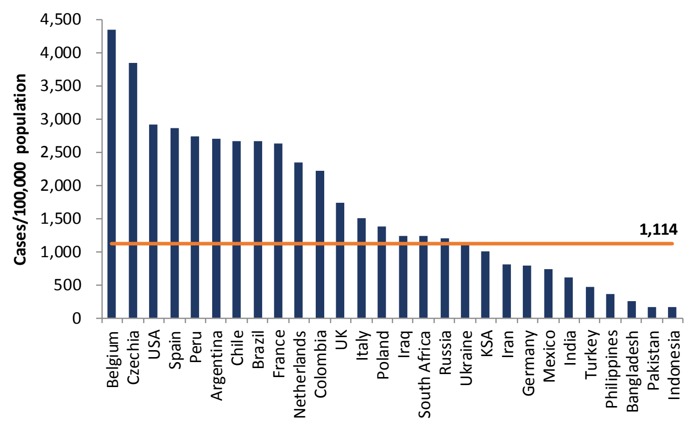
Exhibit 70: COVID-19 response measures (H1 20A)

Healthcare	P&L	Impact	Response
IMC	Revenues -8% to AED 525m Net losses of AED 20m (vs. profits of AED 52m in H1 19A)	- Outpatient volumes down due to curfew. - Inpatient volumes down due to suspension of elective procedures and surgeries. - Increased pressure on cost base due to higher safety measures to protect frontline staff.	- Addition/expansion of new services such as homecare, telemedicine and ER services. - Enhanced call center capabilities to promote a backlog of future appointments. - Increased day-time utilization by transferring elective same day surgeries to the "First Clinic". - Various cost reduction measures/delayed CapEx related to 150-bed tower project until further notice.
Sukoon	Revenues -29% to AED 39m Net losses of AED 11m (vs. losses of AED 1m in H1 19A)	- Expect COVID to support volumes as government and private hospitals free capacity to treat patients. - One month delay in revamp project. Light construction on-site has resumed, with project completion expected in H2 21e. - Cost rightsizing ongoing successfully- reduced workforce and renegotiation of supplier contracts.	- Strategy to revamp the facility to increase capacity to 150 beds and improve operational efficiency.
RHWC	Revenues singificantly up to AED 5m (ramp-up and launch of c.90% of services) Net losses of AED 18m (vs. losses of AED 12m in H1 19A)	- Patient volumes and revenue stream impacted as all elective procedures and surgeries are suspended until further notice. - Insufficient physicians in local market as available personnel directed to government facilities to conduct COVID related procedures. - Pressure on cost-base and delay in ramp-up of existing services and launch of new elective offerings.	- Cost cutting measures including government subsidies and delaying planned CapEx to preserve cash. - Focus on OBGYN, pediatrics and ER services. - Exploring partnerships with visiting surgeons from Bahrain and KSA. - Current active pipeline of 25 physicians to fill vacant positions.
Education		**Impact**	**Response**
Taaleem	Revenues -7% to AED 234m Net profits -30% to AED 29m	- Educational facilities across nation closed classrooms until the end of 2020 academic year. - Loss of extracurricular income, including fees for transportation, uniforms and cafeteria. - Revenues for Term 3 negatively impacted by tuition fee discounts, implemented to support the parent community and encourage reenrollment.	- Successful shift to distance learning across K-12 campuses to ensure the continuation of school curriculum. - Cash management plan to cover any ST cash disruption as well as provide an additional buffer for any potential developments. - Identified cost saving initiative to offset revenue declines expected from the discounts for Term 3.
ADUHC	Revenues +6% to AED 228m Net profits +2.2x to AED 48m	- Educational facilities across nation closed classrooms until the end of 2020 academic year. - Training revenues remain weak, as corporates turn cautious on training-related spending. - Widening receivables cycle as ADUHC extended payment deadlines to accommodate for students facing a challenging external environment.	- Successful pivoting to distance learning, utilizing virtual tools. - Successful delivery of cost optimization measures to mitigate the effects of revenue decline. - Strong cash management and continued focus on collections, ensuring adequate resources for the business without resorting to additional funding.
MDX	Revenues +1% to AED 85m Net profits -3% to AED 30m	- Educational facilities across nation closed classrooms until the end of 2020 academic year. - Decline in ancillary revenues resulting from lack of in-person attendance, paired with a number of international students returning to their home country since the lockdown. - International student enrollment could be impacted depending on travel restriction policy developments.	- Successful shift to distance learning. - Initiated flexible payment plans for students and relaxed missed payment protocols to support students and encourage re-enrollment. - Focus on domestic student recruitment and student conversion from the Foundation program to Undergraduate programs. - Recruitment activities increasingly digital, with many new virtual events launched.

Source: Company Data, Arqaam Capital Research

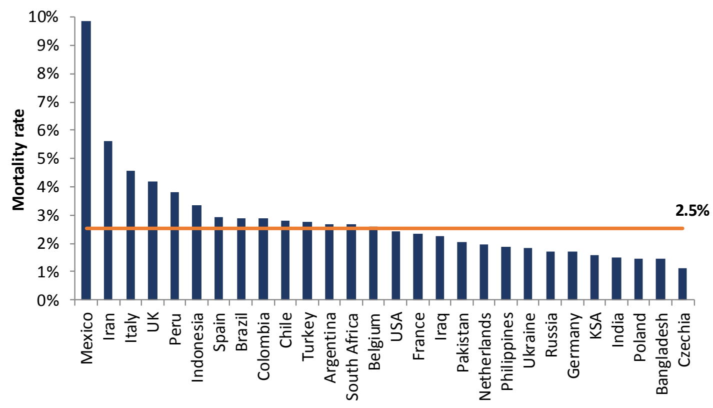
COVID-19 Situation Summary

Exhibit 71: Countries with reported infections exceeding 300k-confirmed cases per capita…



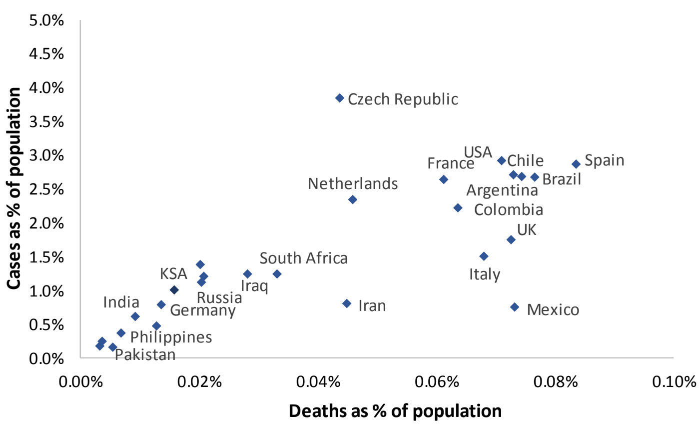
Source: WHO, Arqaam Capital Research

Exhibit 72: …and mortality rate



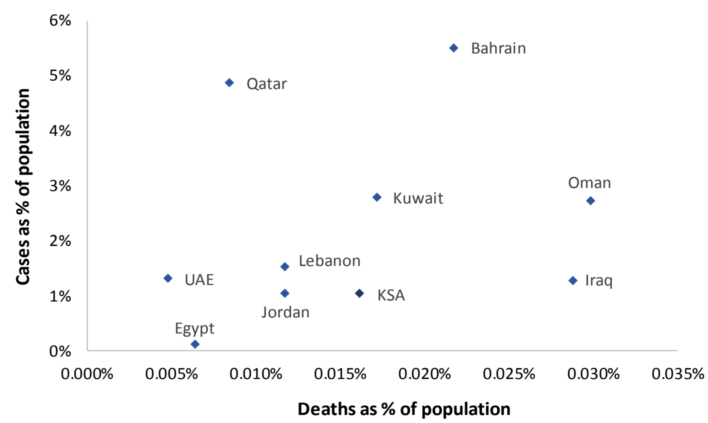
Source: WHO, Arqaam Capital Research

Exhibit 73: Confirmed cases vs. Deaths as % of Population



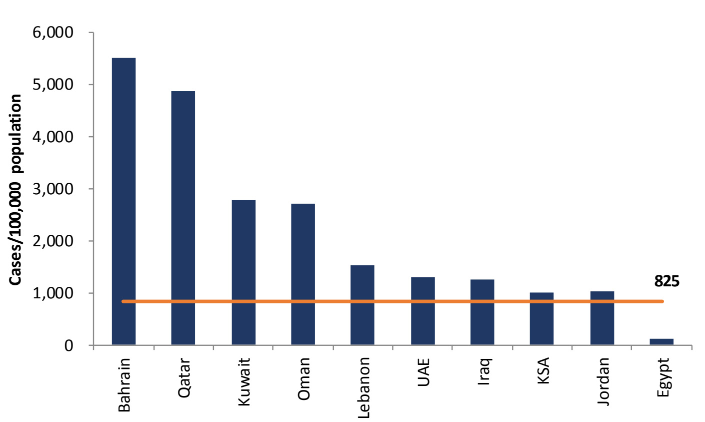
Source: WHO, Arqaam Capital Research

Exhibit 74: MENA- Confirmed cases vs. Deaths % of Population



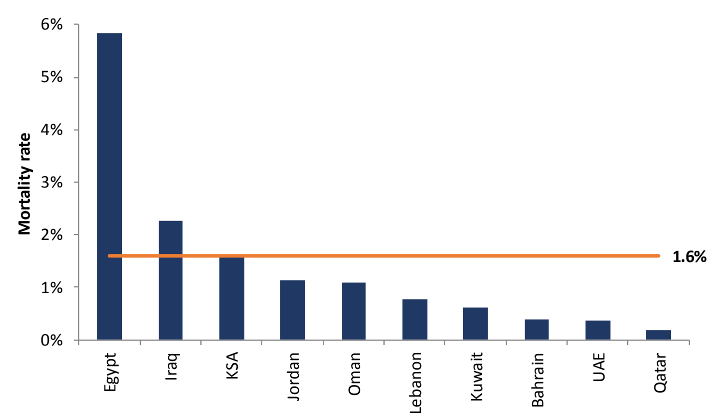
Source: WHO, Arqaam Capital Research

Exhibit 75: MENA- Confirmed cases per capita



Source: WHO, Arqaam Capital Research

Exhibit 76: MENA- Mortality rate

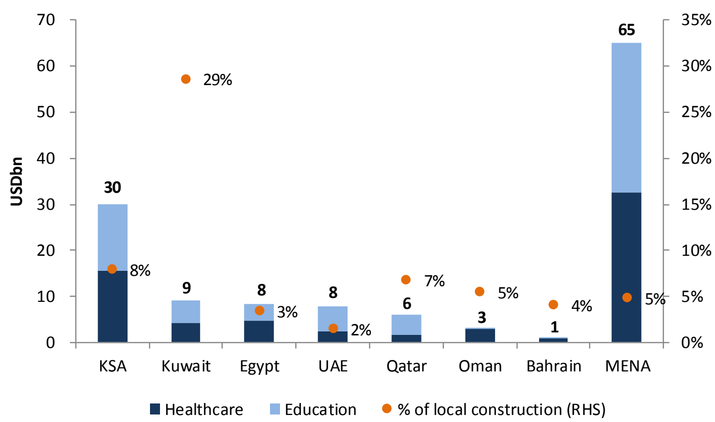


Source: WHO, Arqaam Capital Research

MENA healthcare and education projects

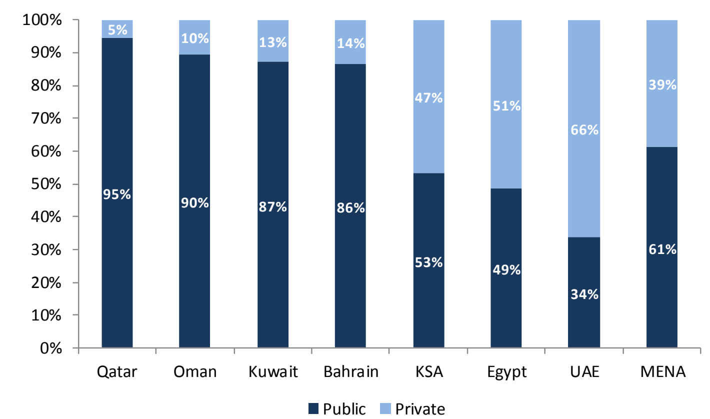
- **Saudi Arabia leads GCC peers with USD 30bn in active and tendered projects in the healthcare and education sector (53% of GCC, 46% of MENA).**
- **While c.60% of projects in MENA are government-led, the UAE stand out with the private sector accounting for 66% of active and tendered work.**
- **Key active and tendered projects: USD 5.4bn for Security Medical Complex in Jeddah and Riyadh, USD 2.5bn for Sabah Al-Salem University Development in Kuwait, and USD 2.0bn for MoD King Faisal Air Academy in Riyadh.**

Exhibit 77: KSA leads GCC peers with USD 30n in healthcare and education projects (46% of MENA)…



Source: Meed projects, Arqaam Capital Research

Exhibit 78: …c.53% of which are government-led (Oct 20)



Source: Meed projects, Arqaam Capital Research

Major active and tendered healthcare and education projects in MENA include:

- **USD 5.4bn** for MOI King Abdullah Project Security Forces 2 Medical Complexes in Jeddah and Riyadh- with a total built-up area of 2.6m m2 with over 2,500 beds. Both projects stand 85% complete and are due by September 2021.
- **USD 2.5bn** for Sabah Al-Salem University Development in Kuwait- including 3 campuses and a 600-bed university hospital. Completion at 56%, due by December 2030.
- **USD 2.0bn** for MOD King Faisal Air Academy Construction and Relocation in Riyadh. Completion at 10%, due by December 2024.
- **USD 1.9bn** for 2,000 schools under PPP with the Ministry of Higher Education in Egypt. Project stands in design phase and will be implemented in 7 to 9 phases.
- **USD 1.7bn** for a new hospital complex by the US Army Corps of Engineers at the existing Armed Forces Hospital in Kuwait. Projects stands in study phase, expected award date in Jul 2021 with completion by December 2026.
- **USD 1.5bn** for the construction of a medical city complex by the Ministry of Health in Oman. Project in study phase, award date in October 2021, completion by December 2026.
- **USD 1.2bn** for the expansion of Qatar University to accommodate 25k students. Completion at 14%, due by December 2022.

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