For release 15 March 2017

**Aamal Company QPSC ("Aamal")**

**Financial Results for the full year ended 31 December 2016**

## Underlying net profit up 7.3%, driven by continued margin expansion

## Aamal Company Board recommends a cash dividend of 6% (QAR 0.60 a share)

**Doha, 15 March 2017** – the Board of Directors of Aamal Company QPSC ("Aamal"), one of the GCC's fastest growing diversified companies, today announces the financial results for the year ended 31 December 2016

**Financial Highlights**

- **Group revenue marginally down, by 1.8%, to QAR 2,829.1m (2015: QAR 2,882.0m)**
- **Gross profit up 6.4% to QAR 683.4m (2015: QAR 642.1m)**
- **Net profit before fair value gains on investment properties ("underlying net profit") increased 7.3% to QAR 559.3m (2015: QAR 521.3m)**
- **Net underlying profit margins[1] of 17.7% (2015: 16.6%)**
- **Fair value gains on investment properties of QAR 0.9m (2015: QAR 135.4m)**
- **Total company net profit[2] decreased 14.7% to QAR 560.2m (2015: QAR 656.7m)**
- **Reported earnings per share decreased 23.1% to QAR 0.73 (2015: QAR 0.95)**
- **Net capital expenditure in cash terms rose by 10.5% to QAR 126.6m (2015: 114.6m), reflecting the Phase 2 redevelopment works at the City Center Doha shopping mall and fleet expansion at Aamal Maritime Transportation Services ('AMTS')**
- **Financial gearing[3] fell to 2.3% (31 December 2015: 3.6%)**

[1] *Excluding share of profit from equity accounted for investments in associates and joint ventures, and fair value gains on investment properties*
[2] *After fair value gains on investment properties but before the deduction of non-controlling interests*
[3] *Net debt to net debt plus total equity (ie. including non-controlling interests)*

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**H.E. Sheikh Faisal Bin Qassim Al Thani, Chairman of Aamal Company QPSC, commented:**

"Aamal Company has performed admirably over the past twelve months with underlying profits before fair value gains on investment properties having increased by 7.3%; this has been driven by expansion in the overall margin despite the subdued oil price and the associated retrenchment in customer spending. This is testament to the inherent qualities of our business model: first, the market leading positions that we currently occupy which lends us natural competitive advantages; and secondly, the offering of strength through diversity, so when one area of the business may experience a tightening in general business conditions, there will be others that should be able to more than compensate. As a consequence, I continue to look forward with much confidence as Qatar's economy continues to grow, underpinned by the country's Vision 2030 and infrastructure-led development programs.

"Following this solid set of results and reflecting our strong financial position, and in line with always putting shareholders' best interests first, the Board of Directors will recommend to the General Assembly the distribution of a cash dividend equal to 6% of the paid-up share capital, which is equivalent to QAR 0.60 a share. This is of course subject to approval at the Annual General Assembly Meeting which is due to take place on April 17, 2017."

**BREAKDOWN BY DIVISION**
***(nb. there may be slight differences due to rounding)***

**REVENUE**

| **QAR m** | **2016** | 2015 | *Change %* |
|---|---|---|---|
| **Industrial Manufacturing** | **1,811.7** | 1,752.2 | *+3.4%* |
| **Trading and Distribution** | **649.9** | 779.4 | *(16.6)%* |
| **Property** | **317.9** | 325.7 | *(2.4)%* |
| **Managed Services** | **97.4** | 68.5 | *+42.1%* |
| ***less: inter-divisional revenue*** | ***(47.7)*** | *(43.8)* | *(8.8)%* |
| **TOTAL** | **2,829.1** | 2,882.0 | *(1.8)%* |

**NET PROFIT**

| **QAR m** | **2016** | 2015 | *Change %* |
|---|---|---|---|
| **Industrial Manufacturing** | **210.4** | 129.4[1] | *+62.6%* |
| **Trading and Distribution** | **119.8** | 147.2 | *(18.6)%* |
| **Property**[2] | **258.4** | 275.5[1] | *(6.2)%* |
| **Fair value gains on investment properties** | **0.9** | 135.4 | *(99.4)%* |
| **Managed Services** | **9.8** | 5.5 | *+79.1%* |
| ***less: Head Office costs*** | ***(39.0)*** | *(36.2)*[1] | *(7.7)%* |
| **TOTAL** | **560.2** | 656.7 | *(14.7)%* |

*[1] Net profit contributions from Aamal's interests in Frijns Structural Steel and Aamal ECE is now included within Industrial Manufacturing and Property respectively, whereas previously they were netted off against Head Office costs; 2015 comparative numbers have been amended accordingly*

*[2] before fair value gains on investment properties*

## DIVISIONAL REVIEW
***(nb. there may be slight differences due to rounding)***

### INDUSTRIAL MANUFACTURING

| QAR m | 2016 | 2015 | *Change %* |
|---|---|---|---|
| **Revenue** | **1,811.7** | **1,752.2** | *+3.4%* |
| ***Net profit - fully consolidated activities*** | ***156.5*** | ***93.7*** | *+67.0%* |
| ***Net underlying profit margin %*** | ***8.6%*** | ***5.3%*** | *+3.3 ppts* |
| ***Net profit - share of equity accounted for investee net profits*** | ***53.9*** | ***35.7*** | *+51.0%* |
| **Total net profit** | **210.4** | **129.4** | *+62.6%* |

Although revenues recorded a rise of only 3.4%, total net profit grew by 62.6%. This was driven by both margin expansion and a significantly higher contribution from Senyar Industries, which won a number of profitable contracts as Qatar continues to push ahead with its infrastructure-led development program.

Aamal Readymix continued to prosper, focusing on its key strategy of operating at the more profitable end of the market through the supplying high grade concrete. In 2017, Aamal Readymix is planning to build on its already very strong market position through expansion of its stock storage capacity such that it is in a better position to win new major projects and thereby increase market share.

### TRADING AND DISTRIBUTION

| QAR m | 2016 | 2015 | *Change %* |
|---|---|---|---|
| **Revenue** | **649.9** | **779.4** | *(16.6)%* |
| **Net profit** | **119.8** | **147.2** | *(18.6)%* |
| **Net profit margin %** | **18.4%** | **18.9%** | *(0.5) ppts* |

Revenue for the Trading and Distribution division fell by 16.6%, which with only a slight contraction in margins led to an overall 18.6% fall in net profit.

The main driver behind this decrease was a drop in profitability at Aamal Medical as this subsidiary is dependent upon successful tendering for new projects; in 2015, it won three very large contracts that were not repeated in 2016, which of course distorts the year-on-year comparison.

Partly mitigating this fall in profits at Aamal Medical however, has been a very creditable performance from Ebn Sina Medical. Despite some market headwinds in the form of pharmaceutical price reductions and increasing levels of competition that contributed to flattish revenues, there was an expansion in margins and a number of new partnership agreements within the pharmaceutical and consumer healthcare sectors were secured.

**PROPERTY**

| QAR m | 2016 | 2015 | *Change %* |
|---|---|---|---|
| **Revenue** | **317.9** | **325.7** | *(2.4)%* |
| ***Net profit - fully consolidated activities*** | ***252.1*** | ***268.7*** | *(6.2)%* |
| ***Net underlying profit margin %*** | ***79.3%*** | ***82.5%*** | *(3.2) ppts* |
| ***Net profit - share of equity accounted for investee net profits*** | ***6.3*** | ***6.7*** | *(6.7)%* |
| **Net profit*** | **258.4** | **275.5** | *(6.2)%* |

* **before fair value gains on investment properties**

Underlying net profits were down by 6.2%, accompanied by a fall in the margin to 79.3%. The principal reason behind this fall was the ongoing Phase 2 development works at City Center Doha shopping mall which has caused a degree of temporary disruption, but this has been entirely to be expected. We anticipate these works will help to cement further City Center's credentials as the premier shopping mall in Doha and that we will be in a position to hand over the first new retail outlets during 2017, with the majority following in 2018.

Helping to soften this fall in profits was a rise in both revenue and net profit at Aamal Real Estate, where we continue to invest in. Work will start this year on constructing a new complex building in Maseela area comprising 64 apartments that is expected to complete by the end of 2018.

**MANAGED SERVICES**

| QAR m | 2016 | 2015 | *Change %* |
|---|---|---|---|
| **Revenue** | **97.4** | **68.5** | *+42.1%* |
| **Net profit** | **9.8** | **5.5** | *+79.1%* |
| **Net profit margin %** | **10.0%** | **8.0%** | *+2.0 ppts* |

Revenues and net profit both recorded strong rises (by 42.1% and 79.1% respectively), largely a reflection of the acquisitions of Family Entertainment Center and Winter Wonderland in 2016; but also from ECCO Gulf winning a significant contract in the financial sector, which also is now looking to expand into new sectors including automotive, food and medical.

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## SUMMARY AND OUTLOOK

**H.E. Sheikh Mohamed Bin Faisal Al Thani, Vice-Chairman and Managing Director of Aamal, commented:**

"Aamal has performed very well this year, managing to grow its underlying profits in the face of challenging market conditions. The Company has, by and large, has managed to insulate itself from these headwinds by first offering strength through diversity; and secondly, becoming increasingly geared towards large infrastructure projects, as illustrated by our Industrial Manufacturing division which now makes up over 35% of our net profit compared to 23% just 12 months previously. Such infrastructure projects have on the whole been spared from any retrenchment as they represent the cornerstones of Qatar's strategy to diversify away from being a predominantly hydrocarbon-based economy, as laid out in the country's Vision 2030 development plan. This is why I believe Aamal is ideally positioned to reap the benefits from opportunities that will continue to emerge."

***Further enquiries***


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***About Aamal Company QPSC***

Aamal Company is one of the GCC's fastest growing diversified conglomerates, with a market capitalization at 14 March 2017 of QAR 9.1bn (US$ 2.5bn), delivering a ten year compound annual growth rate in underlying net profit (ie. before fair value gains on investment properties) nearing 19% over the period 2006-2016 and generating annual revenues of QAR 2.8bn (US$ 777.2m) in 2016.

Aamal is one of the largest diversified companies quoted on the Qatar Stock Exchange ("QSE"), having been listed since December 2007, and is a constituent member of the QE Index which is a measure of the 20 largest and most liquid stocks listed on the Qatar market. Aamal is also one of the 22 QSE listed stocks that form part of the FTSE Secondary Emerging Markets Index.

Focused on sustained, profitable growth and strongly diversified for balanced exposure to Qatar's economic growth and development, Aamal's operations comprise 24 active business units with market leading positions in the key industrial, retail, property, managed services and medical equipment and pharmaceutical sectors.

For further information on Aamal Company and the full financial statements for the full year ended 31 December 2016, please refer to the corporate website: http://www.aamal.com.qa

***End of Release***