



For release 30 July 2019

**Aamal Company Q.P.S.C. ('Aamal')**  
**Financial Results for the six months ended 30 June 2019**

**Increased focus on efficiency, innovation and strategic development**

**Doha, 30 July 2019** – the Board of Directors of Aamal Company Q.P.S.C. (Aamal), one of the Gulf Region's fastest growing diversified companies, today announces its financial results for the six months ended 30 June 2019.

**Financial Highlights**

- **Group revenue down 2.6% to QAR 636.1m (H1 2018: QAR 652.7m)**
- **Gross profit down 7.0% to QAR 226.2m (H1 2018: QAR 243.2m)**
- **Net profit before share in results of associates and joint ventures accounted for using the equity method ("net underlying profit") down 19.9% to QAR 141.2m (H1 2018: QAR 176.2m)**
- **Net underlying profit margins have decreased by 4.8 percentage points to 22.2% (H1 2018: 27.0%)**
- **Share in results of associates and joint ventures accounted for using the equity method decreased to QAR 41.9m (H1 2018: QAR 53.9m)**
- **Total Company net profit<sup>1</sup> down 20.4% to QAR 183.1m (H1 2018: QAR 230.1m)**
- **Reported earnings per share<sup>2</sup> down QAR 0.01 to QAR 0.03 (H1 2018: QAR 0.04)**
- **Net investment in capital expenditure decreased by QAR 197.9m to QAR 20.9m (H1 2018: QAR 218.8m), owing to a number of property acquisitions made by Aamal Real Estate in the prior year period**

<sup>1</sup> Total Company net profit is before the deduction of net profit attributable to non-controlling interests

<sup>2</sup> Restated to reflect the stock split implemented in June 2019 (a QFMA initiative requiring QSE-listed companies to split each of its shares into 10).

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

"The first half of 2019 has been one of strategic development and evolution in an increasingly competitive environment. While many of Aamal Company's businesses have continued to perform strongly, this has not been enough to offset the fall in our financial results reported in other areas. However, we firmly believe that Aamal's diversified business model continues to offer both resilience to our external environment and an ongoing pipeline of growth opportunities which we will continue to access throughout the second half of the year.

"We are pleased by the number of strategic initiatives we have implemented across Aamal Company during the first six months of 2019. For example, Ebn Sina Medical has entered into agreements with



new strategic partners to significantly broaden and enhance its offering and its new robot pharmacy is now fully open and performing in line with expectations. In the Industrial Manufacturing segment, work is progressing well with previously announced industrial projects for the production of drums and copper rods, driving synergy creation and a reduction in production costs among the subsidiaries of Senyar Industries. In addition, Aamal is actively evaluating other strategic and value enhancing industrial projects to expand its industrial business. In Aamal's Property segment, despite mounting competition and reduced market rents, we are witnessing a steady rise in demand for property in the residential sector.

"Looking ahead, in addition to pursuing growth opportunities presented by the Qatar National Vision 2030, we will look to further strengthen the financial base of Aamal's existing businesses. For example, a number of cost control measures are being implemented at Aamal Readymix and we have now formally announced a new sales strategy for Aamal Services to expand the client base and reduce financial risk.

"Finally, I would like to take this opportunity to remind shareholders that on 24 June 2019, Aamal implemented the previously announced 10 for 1 stock split in compliance with the stock split directive issued by the Qatar Financial Market Authority. This market-wide initiative should make trading in Aamal shares more accessible and attractive to retail investors while improving liquidity and trading volumes. Aamal shareholders do not need to take any action because of the stock split and it will not affect the proportionate ownership of existing shareholders."

## **BREAKDOWN BY DIVISION**

*(N.B. there may be slight differences due to rounding)*

### **• REVENUE**

<b>QAR m</b>	<b>H1 2019</b>	<b>H1 2018</b>	<b>Change</b>
<b>Industrial Manufacturing</b>	<b>80.0</b>	119.1	(32.8%)
<b>Trading and Distribution</b>	<b>374.2</b>	350.8	6.7%
<b>Property</b>	<b>146.6</b>	149.4	(1.9%)
<b>Managed Services</b>	<b>49.7</b>	50.8	(2.2%)
<b>Eliminations</b>	<b>(14.5)</b>	(17.4)	(16.7%)
<b>TOTAL</b>	<b>636.1</b>	652.7	(2.6%)

### **• NET PROFIT**

<b>QAR m</b>	<b>H1 2019</b>	<b>H1 2018</b>	<b>Change</b>
<b>Industrial Manufacturing</b>	<b>39.7</b>	56.3	(29.5%)
<b>Trading and Distribution</b>	<b>54.5</b>	60.3	(9.6%)
<b>Property</b>	<b>117.6</b>	122.9	(4.3%)
<b>Managed Services</b>	<b>3.3</b>	4.7	(29.8%)
<b>Head Office</b>	<b>(31.9)</b>	(14.1)	126.2%
<b>TOTAL</b>	<b>183.1</b>	230.1	(20.4%)

## **DIVISIONAL REVIEW**

*(N.B. there may be slight differences due to rounding)*

### **• INDUSTRIAL MANUFACTURING**



<b>QAR m</b>	<b>H1 2019</b>	<b>H1 2018</b>	<b>Change</b>
<b>Revenue</b>	<b>80.0</b>	119.1	(32.8%)
<b>Net profit</b>	<b>39.7</b>	56.3	(29.5%)
<i>Made up of:</i>			
<b>Net profit: fully consolidated activities</b>	<b>0.4</b>	3.6	(88.9%)
<b>Net profit: share in results of equity accounted investees</b>	<b>39.2</b>	52.8	(25.8%)
<b>Net underlying profit margin % (i.e. excluding share in results of equity accounted investees)</b>	<b>0.5%</b>	3.0%	(2.5 ppts)

In the Industrial Manufacturing segment, revenue was down 32.8% year-on-year to QAR 80.0 million and net profit declined by 29.5% year-on-year to QAR 39.7 million. These numbers primarily reflect a 47.8% year-on-year decrease in net profit at Senyar Industries owing to slower demand. Meanwhile, work is progressing well with previously announced industrial projects for the production of drums and copper rods, driving synergy creation and a reduction in production costs among the subsidiaries of Senyar Industries.

Doha Cables - part of Senyar Industries and the largest cables manufacturing facility in Qatar - has successfully completed the renovation of its factory and opened its first showroom in Barwa Commercial Avenue. Furthermore, Doha Cables also managed to receive product approval from recognised third parties including KEMA and Bureau Veritas for different types of high, medium and low voltage cables.

Competition has intensified across the Industrial Manufacturing sector, driving average prices down and placing further pressure on revenues and profit margins. Accordingly, Aamal Readymix has implemented cost control measures across its business.

Aamal Cement, another business facing heightened competition, has now completed the replacement of 3,500 HESS steel block pallets, while Ci-San Trading saw steady growth in demand and has successfully expanded its geographical reach into new markets in the Far East and Europe.

#### • **TRADING AND DISTRIBUTION**

<b>QAR m</b>	<b>H1 2019</b>	<b>H1 2018</b>	<b>Change</b>
<b>Revenue</b>	<b>374.2</b>	350.8	6.7%
<b>Net profit</b>	<b>54.5</b>	60.3	(9.6%)
<b>Net profit margin %</b>	<b>14.6%</b>	17.2%	(2.6 ppts)

Trading and Distribution delivered solid revenue growth of 6.7% year-on-year to QAR 374.2 million. Net profit, however, was down 9.6% to QAR 54.5 million due to a range factors across subsidiaries in this segment.

Ebn Sina Medical – the leading provider of pharmaceuticals, hospital supplies, and consumer health products in Qatar – reported a particularly strong increase in volumes which contributed to a 17% increase in revenue, although margin pressures led to a 6% decline in net profit.



Aamal Trading and Distribution revenues were impacted by implementation of a stringent credit policy, which resulted in reduced sales to several large trade customers with overdue receivables. In addition, the liquidation of slow-moving inventory impacted net profit.

A positive six months for Aamal Medical has included the signing of an agreement with Olympus, the global leader of optical and digital precision technology, which will enable Aamal to become a 'one-stop shop' for operating theatres in Qatar. Furthermore, a major contract has been awarded to Aamal Medical by Acetech, which provides tracking systems for ambulances. This agreement complements Aamal Medical's existing offering and reinforces its leadership in emergency medical services.

It has been a period of strategic development for Ebn Sina. In the six months ended 30 June 2019, Ebn Sina signed an agreement with Getz Pharmaceutical Company (the international pharmaceuticals group), progressed a number of new distribution agreements which are approaching finalisation, installed the first robot pharmacy in Qatar, opened Foot Care Center at City Center Shopping Mall, and obtained the 'Good Distribution Practice' certificate from SGS UK which is valid for three years.

Finally, Ebn Sina Medical also signed an agreement with GPI Group for the automation of Ebn Sina Warehouse, along with the installation of a robot to facilitate the storage of large volumes of medicine and its accurate dispensation at high speed, so accelerating warehouse supply and delivery times. Completion of this installation is expected in the second quarter of 2020.

#### • PROPERTY

<b>QAR m</b>	<b>H1 2019</b>	<b>H1 2018</b>	<b>Change</b>
<b>Revenue</b>	<b>146.6</b>	149.4	(1.9%)
<b>Net profit</b>	<b>117.6</b>	122.9	(4.3%)
<i>Made up of:</i>			
<b>Net profit: fully consolidated activities</b>	<b>114.9</b>	120.4	(4.6%)
<b>Net profit: share of equity accounted for investee net profits</b>	<b>2.7</b>	2.5	8%
<b>Net underlying profit margin % (i.e. excluding share of equity accounted investee profits)</b>	<b>78.4%</b>	80.6%	(2.2 pts)

Revenue and net profit in the Property segment fell by 1.9% and 4.3%, respectively. As previously reported, this was largely due to the ongoing redevelopment work at City Center Doha ('CCD') which remained closed for much of the period. Furthermore, despite a challenging real estate market, the outlook for Aamal Real Estate is optimistic as it expects to sign long-term residential lease contracts in relation to its residential developments. As a result, occupancy rates are set to significantly improve from the start of Q4 of this year.

#### • MANAGED SERVICES

<b>QAR m</b>	<b>H1 2019</b>	<b>H1 2018</b>	<b>Change</b>
<b>Revenue</b>	<b>49.7</b>	50.8	(2.2%)
<b>Net profit</b>	<b>3.3</b>	4.7	(29.8%)
<b>Net profit margin %</b>	<b>6.6%</b>	9.3%	(2.7 pts)



Performance in the Managed Services segment was mixed resulting in a year-on-year decline in revenue of 2.2% and a 29.8% fall in net profit. While many of the businesses in this segment reported significant year-on-year growth in both revenue and net profit, this was not enough to offset the impact of competitive pressures which have driven up costs and reduced margins at Aamal Services.

Increased market competition and pricing pressure for Aamal Services resulted in a 15% decline in revenue and a 35.3% fall in net profit. This was one of the main factors behind the overall decline in financial performance of the segment. Aamal Services has now adopted a new sales strategy to diversify its customer base, targeting small to medium sized companies as opposed to a small number of larger clients. Furthermore, Aamal Services' pest control business (launched just over a year ago) has proved very successful and is expected to drive further growth in both revenue and net profit in the segment.

We were pleased to record a particularly strong performance by Ecco Gulf, our business processing outsourcing specialist, with revenue and net profit up 24.6% and 34.6%, respectively. This was due to a number of contract wins in the second half of 2018 and in the first half 2019 that contributed to the strong performance.

## **SUMMARY AND OUTLOOK**

**H.E. Sheikh Mohamed Bin Faisal Al Thani, Chief Executive Officer and Managing Director of Aamal, commented:**

"While the first half of the year has been challenging for Aamal Company, it has meant we have focused on operating as efficiently, innovatively and competitively as possible. Increased competition is placing pressure on margins, so we have to be ever more astute in generating operational and cost efficiencies and driving sales growth, while maintaining the diversity of our business model - one of our fundamental competitive differentiators.

"Aamal Company's overall strategy remains clear. The Company seeks to take advantage of the growth opportunities provided by the Qatar National Vision 2030 and to leverage its position as a leading participant across various key economic sectors. This growth strategy remains unchanged and we believe that through a combination of our efforts to improve the financial strength of certain existing businesses and our agility to capitalise on new business opportunities in the market, we remain well-positioned to deliver long-term shareholder value. Specifically, we are currently exploring a number of new investment opportunities within the Industrial Manufacturing segment which will be announced in due course if judged to be efficient and to add value to our business model."

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**A conference call to discuss the results will be held on 1 August 2019 at 14:00 Doha / 12:00 UK. The details for the conference call are as follows:**

**Date:** Thursday, 1 August 2019

**Time:** 14:00 Doha / 12:00 UK

**Dial-In Numbers:** Qatar Toll-Free: 00 800 100 443  
UK & International: +44 330 336 9126  
USA: +1 929 477 0324

**Conference ID:** 6345340

Please join the event conference 5-10 minutes prior to the start time. You will be asked to provide the confirmation code, speaker name or the title of your conference.

**Replay Service:**

Replay will be available from August 1<sup>st</sup> starting at 16:30 Doha Time to August 3<sup>rd</sup> 16:30 Doha Time with the following dial in details:

UK & Intl. +44 207 660 0134 / USA +1 719 457 0820 /  
Conference ID 6345340

***Further enquiries***

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***About Aamal Company Q.P.S.C.***

Aamal is one of the Gulf region's fastest growing diversified conglomerates and has been listed on the Qatar Stock Exchange since December 2007. As at 29 July 2019, the Company had a market capitalisation of QAR 5bn (US\$ 1.4bn).

Aamal's operations are widely diversified and comprise 26 active business units (subsidiaries and joint ventures) with market leading positions in the key industrial, retail, property, managed services, and medical equipment and pharmaceutical sectors, thereby offering investors a high quality and balanced exposure to Qatar's wider economic growth and development. Aamal is focused on self-financed and profitable growth, delivering an average increase in underlying profits in excess of 11.1% (i.e. before fair value gains on investment properties) over the twelve years to end-2018.

For further information on Aamal Company, please refer to the corporate website: <http://www.aamal.com.qa>

***End of Release***