



For release 23 February 2021

Aamal Company Q.P.S.C. ("Aamal")

Financial Results for the full year ended 31 December 2020

Resilience of diversification strategy mitigates COVID-19 impact on revenues

QAR 1.3bn Total Revenue for 2020 marginally ahead year-on-year

Proposed cash dividend of 4% (QAR 0.04 a share)

Doha, 23 February 2021 – the Board of Directors of Aamal Company Q.P.S.C. ("Aamal"), one of the Gulf region's leading diversified companies, today announces financial results for the year ended 31 December 2020.

Financial Highlights

- **Total revenue** up 1% to QAR 1,306.8m (2019: QAR 1,294.1m), driven by increased revenue in our Industrial Manufacturing and Trading and Distribution segments, and demonstrating the resilience of Aamal's business model in an exceptionally challenging environment
- **Gross profit** down 21.4% to QAR 341.0m (2019: QAR 434.0m)
- **Net profit before share of net profits of associates and joint ventures**, accounted for using the equity method and fair value gains/losses on investment properties ("net underlying profit") down 25.8% to QAR 192.9m (2019: QAR 259.9m)
- **Net underlying profit margins** decreased by 5.3 percentage points to 14.8% (2020: 20.1%)
- **Share of net profits from associates and joint ventures** accounted for using the equity method decreased 19.0% to QAR 50.4m (2019: QAR 62.3m)
- **Fair value losses** on investment properties of QAR 121.6m in 2020. There were no fair value gains or losses on investment properties in 2019
- Total Company **net profit**¹ down 62.2% to QAR 121.7m (2019: QAR 322.1m), with **net profit attributable to Aamal equity holders** down 61.7% to QAR 123.3m (2019: QAR 322.3m)
- **Reported earnings per share** decreased 61.7% to QAR 0.02 (2019: QAR 0.05)
- **Net capital expenditure** down 11.9% to QAR 42.6m (2019: QAR 48.3m)
- **Gearing** remains low at 4.20% (2019: 1.06%)

¹ Total Company net profit is before the deduction of net profit attributable to non-controlling interests.



Sheikh Faisal Bin Qassim Al Thani, Chairman of Aamal, commented:

“In the face of unprecedented challenges globally due to the COVID-19 pandemic, I am hugely proud of Aamal Company’s response at every level during 2020. Our employees responded magnificently to the new ways of working, our subsidiaries played their part in supporting local communities through the pandemic, and our diversified business model again demonstrated its resilience and value to our overall performance, delivering year-on-year revenue growth despite the pandemic.

“Aamal’s financial results for the year, and in particular the performance of our Property segment, were impacted by a drop in property valuations and by our decision to waive rents for tenants at both City Center Doha and Souk Al Harraj. Despite the financial impact, this was absolutely the right decision to take, one that was driven by our desire to support the economy in these challenging times and, in particular, to support our tenants who we have always regarded as partners.

“Aamal’s financial strength and resilient business model enabled us to continue to perform well at an operational level across our Industrial Manufacturing, Property, and Trading and Distribution segments. Highlights included the completion of the redevelopment work at City Center Doha, the start of production at Senyar Drums Factory (the first specialised cable drum manufacturer in Qatar), investment for a new Glass Reinforced Pipe (GRP) production line at Advanced Pipes and Casts, and the expansion of the Ebn Sina Pharmacy chain.

“I am particularly proud of the performances of Ebn Sina Medical and Aamal Medical, both of which acted promptly and with enormous professionalism to support Qatar’s public healthcare sector in addressing the challenges of the pandemic and a shortage of medical supplies. This is a great example of how the private and public sectors can successfully work together to overcome even the most difficult conditions. Aamal continues to support the community and has been proud to sign an agreement with the Qatar Cancer Society.

“During 2020, the health and safety of our employees, partners and all our stakeholders has, of course, been our absolute priority. On behalf of the Board of Directors, I would like to thank all our employees for their hard work and flexibility which has ensured that, in exceptionally challenging circumstances, the quality of services provided across the Group has remained as high as ever.

“Although the pandemic means that these remain uncertain times, Aamal will continue to capitalize on the opportunities generated by the government’s strategy to prioritize public spending and the many opportunities provided by the Qatar National Vision 2030, leveraging our position as a leading participant across a number of key economic sectors. Aamal’s Board of Directors is pleased to recommend for approval a 2020 cash dividend of 4%. We remain confident in the outlook for Aamal Company and in our ability to deliver for all our stakeholders”.

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BREAKDOWN BY SEGMENT

(Notes: there may be differences due to rounding)

REVENUE

QAR m	2020	2019	Change %
Industrial Manufacturing	202.7	169.1	19.8%
Trading and Distribution	907.9	799.6	13.5%
Property	189.2	290.1	(34.8)%
Managed Services	46.7	63.2	(26.0)%
less: inter-divisional revenue	(39.6)	(27.9)	42.0%
TOTAL	1,306.8	1,294.1	1.0%

NET PROFIT

QAR m	2020	2019	Change %
Industrial Manufacturing	32.4	52.6	(38.4)%
Trading and Distribution	120.6	98.9	22.0%
Property	140.5	223.9	(37.3)%
Managed Services	(1.7)	5.7	(129.6)%
less: Head Office costs	(48.5)	(59.0)	17.8%
Total net profit before Fair Value loss	243.3	322.1	(24.5)%
Fair value loss on investment properties	(121.6)	-	(100)%
Total net profit	121.7	322.1	(62.2)%

SEGMENTAL REVIEW

(Note: There may be differences due to rounding)

INDUSTRIAL MANUFACTURING

QAR m	2020	2019	Change %
Revenue	202.7	169.1	19.8%
Net profit - fully consolidated activities	(11.4)	(1.5)	(673.5)%
Net underlying profit margin %	(5.6)%	(0.9)%	(4.8) pts
Share of net profit of associates and joint ventures accounted for using the equity method	43.9	54.1	(18.9)%
Total net profit	32.4	52.6	(38.4)%

Industrial Manufacturing revenue was up 19.8% year-on-year to QAR 202.7 million, while net profit fell by 38.4% to QAR 32.4 million. These numbers primarily reflect a significant revenue increase at Aamal Readymix, increased competition impacting margins and profits, and a drop in net profit at Senyar Industries as a result of lower sales volumes.

Highlights of the year included establishing Aamal Cables for Trading and Contracting to supply the Qatari market with locally produced, high quality power cables and subsequently winning a major three-year contract with Kahramaa worth QAR 694 million. Senyar Drums Factory, the first specialised cable drum manufacturer in Qatar, also started commercial production in the third quarter of 2020.

Advanced Pipes and Casts significantly increased its order book and began work on a new production line for Glass Reinforced Pipe (GRP) to drive efficiencies and vertical integration. The composite fiberglass pipe can be



used both as a protective liner for Reinforced Concrete Pipe and as a stand-alone pipe in water and waste municipal applications. Commercial production of GRP is due to commence in the second quarter of 2021.

Although the performance of Aamal Maritime Transport Services (AMTS) was inevitably impacted by restrictions at international ports and lower rental rates due to the global pandemic, AMTS took the opportunity to complete a major upgrade on one of its vessels in the first half of 2020 and is now seeing greater demand for its services internationally.

Frijns Structural Steel Middle East expanded its Mesaieed production facility to 29,000 sqm and has secured a strong commercial pipeline for 2021. As construction for the 2022 World Cup nears completion, Frijns remains well positioned to benefit from further opportunities as demand for structural steel in Qatar transitions from infrastructure to energy-related industrial projects.

Although pricing and margins in Industrial Manufacturing remained under pressure from acute competition during 2020, Aamal responded by continuing to focus on improving operational efficiency and optimizing the production base.

Aamal's Industrial and Manufacturing segment is well placed to benefit from the government's 2021 budget allocation of QAR 20.4 billion for highways, internal road networks and drainage systems. Looking further ahead, more than 150 large-scale projects are expected to be undertaken over the coming years, primarily focused on roads, hospitals and schools. Major projects such as the North Gas Field expansion, the multi-phased expansion of Hamad International Airport, and the expansion of Hamad Sea Port will help drive the demand for the segment's core concrete, pipes, cement blocks and power cable businesses.

TRADING AND DISTRIBUTION

QAR m	2020	2019	Change %
Revenue	907.9	799.6	13.5%
Net profit	120.6	98.9	22.0%
Net profit margin %	13.3%	12.4%	0.9 ppts

Revenue in the Trading and Distribution segment increased by 13.5% year-on-year to QAR 907.9 million, while net profit increased 22% year-on-year to QAR 120.6 million. This reflects strong performances in particular by Aamal Medical and Ebn Sina Medical. As major players in Qatar's pharmaceutical and medical devices sector, both played a key role in supporting the government's response to the pandemic and benefited from increased demand for healthcare services and products.

In 2020 Ebn Sina Medical focused on supporting Qatar's healthcare sector in its fight against COVID-19 and successfully secured local stock including medicines, baby milk, face masks, gloves, and hand sanitizers. Ebn Sina Medical continued its warehouse efficiency improvement programme, commissioning the installation of two large robots which, when installation is completed by the end of the first quarter of 2021, will enable drugs to be dispensed accurately and at high speed. The year also saw the expansion of Ebn Sina Pharmacy with a contract signed for a new pharmacy located at Msheireb Downtown and scheduled to open by the end of March 2021.

Although Aamal Trading and Distribution was impacted by the COVID-19 pandemic and the restrictions and closure of many areas in Qatar, it won two major three-year contracts for the supply of tyres for the construction and healthcare sectors and was also awarded a major lubricants supply contract in the construction and raw materials space. The segment is expected to benefit from the normalization of relations between Qatar and its GCC neighbours, improving costs and the efficiency of the supply chain.



Looking ahead to 2021, Aamal Medical plans to diversify further into IT healthcare, expand its service business, implement its product development strategy, and benefit from opportunities relating to new hospitals in Qatar. The QAR 1.3bn allocated by the government for major projects in the healthcare sector is expected to continue to benefit Aamal, while a projected increase in new vehicle sales of 4.1% in 2021 should see healthy growth in Aamal's tyre and lubricants businesses.

PROPERTY

QAR m	2020	2019	Change %
Revenue	189.2	290.1	(34.8)%
<i>Net profit - fully consolidated activities before fair values losses on investment properties</i>	136.7	218.4	(37.4)%
<i>Net underlying profit margin %</i>	72.3	75.3	(3.0) ppts
<i>Share of net profit of associates and joint ventures accounted for using the equity method</i>	3.8	5.6	(32.2)%
Net profit before fair value losses	140.5	223.9	(37.3)%
Fair value losses on investment properties	(121.6)	-	(100)%
Net profit*	18.9	223.9	(91.6)%

Revenue in the Property segment fell 34.8% to QAR 189.2 million (2019: QAR 290.1 million), while net profit was down by 91.6% to QAR 18.9 million. The performance of the Property segment continued to be impacted by the waiving of rents for commercial tenants at both City Center Doha and Souk Al Harraj, a decision which negatively impacted the segment by approximately QAR 85 million but which was taken by Aamal to support tenants during these challenging times. While most of City Center Doha reopened in June, following closure due to the pandemic, Aamal continued to provide financial support to tenants while footfall recovered.

Phase two of the redevelopment of City Center Doha was completed in 2020, increasing leasable area by circa 7% including renovations, and the completion of Gold Souq area with 34 units. City Center Doha continues to benefit from its strategic location and in 2021 these improvements and new developments are expected to attract increased footfall.

In line with COVID-19 restrictions, Aamal Real Estate closed some of its commercial properties including Souk Al Harraj during 2020, waived rents for those tenants for a four-and-a-half-month period and used this time to undertake repairs and upgrades to many of its properties.

Looking ahead, the Property segment is expected to see further improvements which will enhance its accessibility and leading market position. These include the two bridges which will connect City Center Doha from both sides (one directly with the metro station and exhibition center, while the other gives further access to residents and businesses located across the mall) as well as the new City Center frontage area that will offer a greater variety of food and beverage options, free WiFi and improved parking facilities. Continued refurbishment will also add value to the existing residential portfolio.



MANAGED SERVICES

QAR m	2020	2019	Change %
Revenue	46.7	63.1	(26.0)%
Net profit - fully consolidated activities	(4.5)	3.1	(242.7)%
Net underlying profit margin %	(9.6)%	5.0%	(14.6) ppts
Share of net profit of associates and joint ventures accounted for using the equity method	2.8	2.6	7.7%
Net profit	(1.7)	5.7	(129.6)%

The Managed Services segment was hit hard by the global pandemic and saw revenue decrease by 26% to QAR 46.7 million and net profit decrease by QAR 7.4 million year-on-year to a loss of QAR 1.7 million.

While the first quarter of 2020 saw an encouraging start for Aamal Services as it continued to successfully focus on hospitality services, the pandemic significantly impacted the business as clients closed workspaces and moved to working from home. The unit invested in new sanitization equipment and inventory to meet the increased demand for sanitary services across all client sectors and benefitted from a return to normalised operations in the fourth quarter, winning a significant contract starting in the last quarter of 2021 to support the FIFA 2022 World Cup.

ECCO Gulf won several contracts in 2020 and performed very well despite the challenges of the pandemic, improving profitability by almost 8%. Elsewhere, restrictions due to the pandemic significantly impacted Aamal Travel, while lockdown restrictions meant that Family Entertainment Center and Winter Wonderland remained closed for the majority of 2020.

Although 2020 was impacted heavily by pandemic related travel restrictions, Qatar is expected to resume its status as a major Meetings, Incentives, Conferences and Events ('MICE') destination as the situation normalizes. Pandemic restrictions permitting, the FIFA 2022 World Cup tournament and government initiatives to facilitate international travel and tourism to Qatar are expected to drive demand for the IT support, business process outsourcing and other back-office services offered by ECCO Gulf.

SUMMARY AND OUTLOOK

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

"In an exceptionally challenging year, Aamal's strong performance was underpinned by our financial strength, by our diversified business model that provides resilience, and by our excellent leadership team which performed admirably in such demanding circumstances, both at Group level and across our subsidiaries.

"Two major milestones during 2020 were particularly noteworthy: the completion of phase two of the redevelopment of City Center Doha; and Aamal Cables for Trading and Contracting winning a QAR 694 million three-year contract with Kahramaa. 2020 also saw Aamal's local, regional, and international investment profile boosted by the Company's inclusion in both the MSCI Qatar Small Cap Index and in the QSE 20 Index.

"Creating synergies between our different businesses remains a key part our growth strategy – for example, the start of production at Senyar Drums factory in the third quarter of 2020 will add value to other subsidiaries within our Industrial Manufacturing segment. Elsewhere, key initiatives in 2021 include building upon the strong performances of Ebn Sina Medical and Aamal Medical and expanding into IT healthcare solutions; further



enhancing our property portfolio through the continued refurbishment of our residential properties and completing development of the frontage at City Center; and starting commercial production of Advanced Pipes and Casts' Glass Reinforced Pipe.

"Moving forward, we will continue to evaluate all opportunities that will add value to our businesses and deliver long-term shareholder and stakeholder value."

- **End** -

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held on 1 March 2021 at 2.00pm Doha time. The details for the conference call are as follows:

Date: Monday 1 March 2021

Time: 2.00pm Doha time

Dial-In Numbers:

+16468769923,, 91408738472# US (New York)

+16699006833,, 91408738472# US (San Jose)

+44 208 080 6592 United Kingdom

+44 330 088 5830 United Kingdom

Conference ID:

<https://zoom.us/j/91408738472>

Meeting ID: 914 0873 8472

Please join the event conference 5-10 minutes prior to the start time.

FURTHER ENQUIRIES

Aamal Company

Mira Al Ahmad – Senior Corporate Communications Officer

E : mira.alahmad@aamal.com.qa

T: +974 3366 9640

Laura Ackel – Corporate Communications Officer

E : laura.ackel@aamal.com.qa

T: +974 6671 6576

Citigate Dewe Rogerson (IR/PR Advisor)



Andrew Hey

E: andrew.hey@citigatedewerogerson.com

T: +44 (0)7903 028 448

Toby Moore

E: toby.moore@citigatedewerogerson.com

T: +44 (0)7768 981 763

Kieran Farthing

E: Kieran.farthing@citigatedewerogerson.com

T: +44 (0)7774 256 545

Ramiz Al-Turk (Arabic media)

T: ramiz.al-turk@citigatedewerogerson.com

E: +974 5014 9201

ABOUT AAMAL COMPANY Q.P.S.C.

Aamal is one of the Gulf region's most diversified conglomerates and has been listed on the Qatar Stock Exchange since December 2007. As at 22 February 2021, the Company had a market capitalisation of QAR 5.3bn (US\$ 1.5bn).

Aamal's operations are widely diversified and comprise 27 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.

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