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Waha Capital announces record Q2 performance

- Record revenues of AED 571 million achieved in Q2 2020
- Funds again significantly outperform peers and benchmark indices
- Private Investments moved into strong profit contribution for the group
- Now engaged in investment programme across US Equities

ABU DHABI, 04 August 2020 – Waha Capital PJSC, a leading investment company in Abu Dhabi (ADX: WAHA), has today announced its financial results for the first half of 2020.

Following a significant reorganisation of its senior management during 2019, and against a challenging economic backdrop arising from the ongoing pandemic, the company recorded one of its strongest performances for a quarter in Q2 2020, providing strong momentum for 2020 as a whole. The Asset Management business continued to produce above-average market returns, and the Private Investment business significantly improved its position compared to the previous period.

Having adopted a concerted growth strategy in the first half of the year, early expectations were naturally impacted by the COVID-19 pandemic. But the exceptional Q2 financial results highlight the company's longer-term potential. Notable among the actions taken in this period was the initiation of an investment programme in listed companies in the United States. The programme, amounting to some US\$120 million made in several tranches, will continue into the second half of the year and will comprise minority holdings in healthcare, technology and telecoms companies allowing both management representation and maximum flexibility of tenure.

Within the company's Asset Management business, a new Shari'a compliant fund was finalized and is scheduled for launch early in the second half of 2020. This has come both in response to a strong demand for such a vehicle from investors and as a reflection of the desire of the team to broaden its product range and build upon the uninterrupted success of its existing funds.

FINANCIAL HIGHLIGHTS

Key financial highlights Q2 2020

- Record total revenues of AED 571.3 million, an increase of 8.5 times over Q2 2019 revenue of AED 60.0 million
- Net profit (attributable to owners of the company) of AED 267.2 million compared to a net loss of AED 124.4 million in Q2 2019
- A strong profit contribution of AED 33.5mm by Private Investments for the group (vs H1 2019 loss of AED 352m)
- Total impairments of AED 10.0 million compared to AED 109.3 million

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Key financial highlights H1 2020

- Total revenue of AED 221.4 million, in line with previous period of AED 249.2m mainly driven by the Asset Management division; Q2 revenue of AED 571.3 million was offset by loss of AED 350 million in Q1 2020
- Net loss (attributable to owners of the company) of AED 27.2 million compared to net loss of AED 182.2 million in the previous period
- Total general and admin expenses reduced by 8% year-on-year to AED 98.3 million
- Total impairments of AED 10.0 million compared to AED 209.4 million

Waha Capital's Asset Management business, which deploys emerging market funds, recorded a net profit of AED 300.1 million in Q2 2020, offsetting a mark-to-market loss in Q1 2020 of AED 297.2 million. By successfully navigating the economic volatility caused by the COVID-19 outbreak, a net overall profit of AED 2.9m was achieved in the first half. Returns of the individual funds, attributable to owners, was -2.26% for the MENA Equity Fund, -12.45% for the MENA Value Fund, and 7.66% for the CEEMEA Credit Fund. Assets under management stood at AED 3.1 billion as at 30 June 2020.

The company's Private Investment business, which invests in a diverse range of sectors including healthcare, fin-tech, energy and financial services, recorded a net profit of AED 33.5 million in the six-month period. This business continues to focus on identifying new investments, initially in listed companies in the United States, and later this year or early in 2021 in one or more investments in the Gulf region.

The Private Investments division represents some 33% of capital employed and manages a diversified portfolio of high-potential investments. Events of the first half of the year, combining the severe economic and humanitarian effects of the COVID-19 pandemic and a drop in oil prices, had a significant impact on these investments. However, with renewed growth plans and improving operating models, the year ahead remains bright.

H.E. Waleed Al Mokarrab Al Muhairi, Chairman of Waha Capital, said: "While the general economic and social impacts of the COVID-19 pandemic have been significant, we have been able to demonstrate our ability to deliver on our investors' trust and confidence in us with these results. As they show - especially those for the second quarter - we not only strive to grow revenues when times are good, but to protect our investments in times of uncertainty. This is testament to the skills and professionalism of our investment teams. More notably, we are now among the very few companies that is again in investment mode."

Amr AlMenhali, Chief Executive Officer for Waha Capital, said: "These results are testament to the combined efforts of our team and the transformation of our overall Board and management approach. The fact that we were able to achieve one of the highest revenues for a single quarter in our history is a remarkable achievement given the current economic conditions. Once again our Asset Management division was able to outperform its peer group and to position our portfolio to meet whatever challenges may arise and our Private Investments division moved back into profit. Our new investment programme, initially targeted in the US, will eventually cover the regional market, and help put us on a strong footing

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to deliver significantly higher returns moving forward. We are also marking a new milestone for the company through a number of new initiatives including the launch of an Islamic fund which signals the development of a full Shari'a compliant offering in the future".

ASSET MANAGEMENT HIGHLIGHTS

The investment team navigated the sudden and rapid impact of the COVID-19 to protect client assets and position the funds to take advantage of attractive valuations. By employing active and diligent management the team was able to position the funds for long term growth. In its 9 years of operation, the flagship Credit fund has recorded unbroken positive annual returns, and while the economic environment is likely to remain volatile, the team have positioned the funds to continue to grow and extend their track record for 2020.

In the first half of the year, regional equity markets declined from 25-40% during their deepest troughs, and credit markets tightened. While this lowered valuations of net asset values, each fund was able to significantly outperform its peers and benchmark index, as well as capitalize on improving valuations in the second quarter.

Waha Capital's flagship funds have again been recognised for their strong performance. Its CEEMEA Credit Fund, the company's long/short credit strategy that invests in emerging markets, was named as the winner of the award for 2020 of Best Fixed Income/Credit/Distressed Hedge Fund by the European Hedge Fund Review.

PRIVATE INVESTMENTS HIGHLIGHTS

Waha Land

Waha Land (a wholly owned subsidiary of Waha Capital) provides mixed-use industrial real estate in Abu Dhabi. In the first six months of 2020 it increased occupancy levels against the same period last year from 83% to 87% for stage one of its development and 64% (versus 36%) for the first phase of stage 2. Waha Land will continue its development to support ongoing demand for high quality industrial infrastructure. Its operating revenue of AED 22.7m in the first half of the year increased 57% that for the equivalent period last year.

Petronash

A leading provider of modular wellsite packages, chemical injection systems and wellhead control systems to the oil and gas industry, Petronash recorded positive EBITA of USD 17.5m for the first half of 2020, against a loss over the same period last year of USD 6.3m. Waha Capital acquired a 35% stake in Petronash in August 2018, with an option to increase its stake to 50%.

Channel VAS

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Dubai-based fintech firm Channel VAS, in which Waha Capital holds a 20% stake, reported a 19% year-on-year rise for the first half of 2020, achieving revenue worth AED 134.7 million. The company is a premium provider of fintech solutions for mobile network operators, and is present in over 25 countries with access to over 500 million mobile subscribers.

Anglo Arabian Healthcare

Anglo Arabian Healthcare, in which Waha Capital owns a 97% stake, achieved strong revenues of AED 146.5 million in the first half of 2020. AAH rose to the significant challenge posed by COVID-19, partnering with UAE authorities in the fight against the pandemic, demonstrating the high quality of healthcare and management of its facilities for the benefit of the communities it serves. The company owns and operates 27 business assets, employing more than 900 people and serving over 800,000 patients every year.

- Ends -

About Waha Capital

Waha Capital is an Abu Dhabi-listed investment company that offers shareholders and third-party investors exposure to high-potential opportunities in diversified asset classes. The company manages assets across several sectors, including healthcare, financial services, energy, infrastructure, industrial real estate and capital markets. Through its Principal Investments division, Waha Capital has established a strong investment track-record, deploying capital in sectors that display robust demand fundamentals and that have been prioritised by governments in the Middle East and North Africa region.

The company has also built a strong capability in managing global and regional credit and equity portfolios, which have enhanced the diversification and liquidity of Waha Capital's balance sheet. The excellent performance of the company's principal investments and public markets portfolios has enabled the business division to partner with third-party investors.

Established in 1997, Waha Capital benefits from a roster of prominent local shareholders that includes Mubadala Investment Company.

For further information, please visit www.wahacapital.com or contact:

Marketing & Corporate Communications Team

Waha Capital

Tel: +971 2 403 9305

E-mail: communications@wahacapital.ae