

Cleopatra Hospitals Group enters into transaction documents with Dr. Fahad Khater to acquire 100% of Alameda Healthcare Group's hospitals in Egypt subject to certain conditions and regulatory approvals

Cairo, Egypt | 27 December 2020

Cleopatra Hospital Group S.A.E. ("CHG") (CLHO.CA on the Egyptian Exchange) has entered into a sale and purchase agreement ("SPA") to acquire 100% of Alameda Healthcare Group ("Alameda") assets in Egypt and the operational merger of hospitals and medical units ("the Transaction") subject to certain conditions and regulatory approvals. Alameda, a UAE company owned and controlled by its Chairman, Dr. Fahad Khater that owns and operates through its subsidiaries a number of hospitals and medical units in Egypt, including Dar El Fouad 6 of October, Dar El Fouad Nasr City, As-Salam International hospital in addition to As-Salam International Hospital Katameya in new Cairo which is expected to commence operations in H1 2021. The Transaction will be conditional on Financial Regulatory Authority, Egyptian Competition Authority and Egyptian Ministry of Health and Population ("MoHP") approvals in addition to confirmatory due diligence, independent financial advisor reports, as well as shareholder and regulatory approvals and the satisfaction of the remaining conditions precedent in the SPA to execute the Transaction. The Transaction is expected to close in the first six months of 2021.

The equity consideration for the Transaction will be mostly settled through the issuance of loan notes in favour of Alameda's shareholders mandatorily convertible into new shares by CHG to be fully subscribed to by the Alameda shareholders following the approval of its extraordinary general assembly meeting. A portion of the loan notes convertible into shares may be settled in cash in accordance with the agreed mechanism in the SPA. The new shares (which will be issued upon conversion of the convertible loan notes) will have a lock-up period of twelve months from conversion date. Subject to the above-mentioned conditions, approvals and procedures, post-closing Dr. Fahad Khater will become a key and strategic shareholder in CHG and will take on the role of Vice Chairman of CHG in addition to his role as Chairman of the Alameda hospitals which will continue operating under their As-Salam International and Dar El Fouad brands post-closing. Completion of the Transaction is subject to satisfaction of the aforementioned conditions, approvals and procedures.

Alameda is a leading healthcare service provider in Egypt with its origins rooted in Professor Salah Khater's investment in As-Salam International Hospital in 1999. Under the leadership of its Chairman, Dr. Fahad Khater, Alameda has since evolved to include ownership and controlling interests in two other reputed Egyptian healthcare facilities operating under the Dar El Fouad Hospital brand for a total of 671 beds. Alameda is also soon to launch As-Salam International Hospital Katameya in New Cairo, which is expected to commence operations in H1 2021. Similar to CHG, Alameda's payor customer base is primarily comprised of institutional and insurance customers, which account for over 70% of its revenue. In the twelve-month period ended 31 December 2019, Alameda's hospitals reported strong financial performance generating total audited revenues of approximately EGP 1,905 million, representing approximately a 35% year-on-year increase, with its audited EBITDA for the same period expanding approximately 129% to reach EGP 458 million. For the nine-month period ended 30 September 2020, Alameda's un-audited revenues amounted to approximately EGP 1,493 million compared to EGP 1,435 in the same period of 2019, representing a growth of 4% year-on-year despite the overall market challenges resulting from the COVID-19 pandemic. In the months of September to November 2020, Alameda exhibited strong return to trend growth, recovering from the impact of the pandemic, and recording a year-on-year revenue expansion for the three-month period of approximately 30%.

Commenting on the transaction, Alameda Chairman and controlling shareholder Dr. Fahad Khater said: "We are excited about the prospect of these two leading healthcare groups joining forces. The combined group will be home to professionals who are 100% committed to delivering high-quality healthcare and patient outcomes. Together, we will not just better serve our traditional patient base but will also improve the overall quality of healthcare in Egypt by creating a robust platform through which we can further support the Ministry of Health and Population in its Universal Healthcare program, its fight against the COVID-19 pandemic, and its other initiatives. At the same time, we are committed to creating new opportunities for our people as Alameda and CHG together serve more patients from a wider segment of the population. As they were when my father founded As-Salam,

the delivery of world-class patient care, innovation and career advancement for all of our people will be at the top of our priority list as we come together.”

CHG Chief Executive Officer Dr. Ahmed Ezzeldin added: “This transaction will allow us to provide medical care and services of the highest quality, setting the standard for healthcare providers across the country while delivering further efficiency and performance improvements for all our stakeholders. This is a transformational acquisition for CHG that will add three sizeable operating hospitals to our family while more than doubling the EBITDA of CHG post-closing. This will significantly increase the Group’s bed capacity and allow CHG to enhance quality and value of care for all our patients. We are also excited that the combined group will allow us to invest in and introduce new therapies and services needed in Egypt while continuing to scale up our bed capacity in future projects across the country. I am delighted to have the opportunity to lead the combined business, and I am looking forward to this exciting new chapter in our corporate development story.”

CHG Chairman Ahmed Badreldin said: “When I established Care Healthcare with the first hospital investment in Egypt in 2014, my objective was to reach the scale achieved by hospital groups in other markets, elevating the quality of patient care and realizing strong returns for all stakeholders. This combination with Alameda will ultimately position us to better serve Egyptian patients whilst at the same time creating a national Egyptian healthcare champion and one of the largest hospital groups in Africa. Post-transaction, the combined bed capacity of c. 1,450 beds will represent c.15% of the commercial bed capacity in Greater Cairo and c.4% of the commercial bed capacity in Egypt. The combined group will have the financial flexibility to invest in further expanding bed capacity across Egypt’s other Governorates with a continued focus on improving patient care and quality of outcomes in partnership with the Group’s stakeholders and the MoHP’s Universal Healthcare program. Furthermore, we look forward to CHG increasing its investment in medical technologies while also mitigating service cost inflation with a focus on delivering superior care to our patients and value for service to our payors.”

Dr. Sherif Elkholly, Board Member of CHG, Actis Partner and Head of the Middle East & North Africa added: “Since Actis became involved with CHG in 2019, we have been very impressed with the operational excellence and financial performance of the Group. As such, we have been strong supporters of management’s organic and inorganic growth initiatives. This transaction is a transformative one for CHG as a business and for the private healthcare sector in Egypt as a whole. The combined business will be a formidable player, able to significantly raise the bar in terms of both quality standards and breadth and depth of service offering. We are proud to be partners in the creation of this national champion that will benefit all stakeholders, and we look forward to the continued success of the Group under the leadership of Dr. Ahmed Ezzeldin and his team.”

The Transaction marks another major milestone in CHG’s story, building on its long-term expansion plan as well as its strategy to maximize the quality of care for its patients and value for all its stakeholders. Leveraging Alameda’s long-standing legacy as an industry leader, CHG is looking to achieve further efficiencies and continue to improve patient care. The Transaction is a continuation of CHG’s growth trajectory to become one of the largest healthcare providers in Africa. Alameda’s management will report to CHG’s CEO, Dr. Ahmed Ezzeldin, post-closing.

An analyst and investor call to discuss the information included in this announcement will be hosted at 4:00 pm CLT on Monday, 11th January 2021. Further details on the call and an investor presentation will be made available on the CHG’s website.

Advisors and Counsel

EFG Hermes is acting as financial advisor while Freshfields Bruckhaus Deringer and Zulficar & Partners are acting as legal counsels to CHG. White & Case and Matouk Bassiouny & Hennawy, ALC Alieldean, Weshahi & Partners and Dechert LLP are acting as legal counsel to Alameda Healthcare Group and CI Capital is acting as their financial advisors.

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ABOUT CLEOPATRA HOSPITALS GROUP S.A.E.

CHG is the largest private hospital group in Egypt by number of hospital beds and number of operating hospitals. The Company holds majority stakes and operates six leading hospitals in the Greater Cairo Area: Cleopatra Hospital, Cairo Specialized Hospital, Nile Badrawi Hospital, Al Shorouk Hospital, Queens Hospital, and El Katib Hospital offering a full array of general and emergency healthcare services. The Group also operates two polyclinics located in strategic neighbourhoods of East and West Cairo and holds a majority stake in Bedaya for Medical Services, Egypt's leading IVF and Fertility Centre.

Shareholder Information

EGX: CLHO.CA

Listed: June 2016

Shares Outstanding: 1,600 million

For further information, please
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Shareholder Structure

(as of 30 September 2020)

