

Cleopatra Hospitals Group has dedicated two facilities exclusively for the treatment and isolation of COVID-19-positive patients and has launched several new, digitally enabled medical services as it looks to support Egyptians throughout the ongoing crisis; The Group reports 1Q2020 operational and financial results

Cairo, 21 June 2020

Cleopatra Hospital Group S.A.E. (CLHO.CA on the Egyptian Exchange), Egypt's largest private hospital group by number of hospital beds and number of operating hospitals, announced today that starting in mid-May it has transformed two of its hospitals, namely El Katib Hospital and Queens Hospital, into fully-equipped, COVID-19-exclusive isolation and treatment facilities, allowing its remaining six facilities to continue offering the Group's full suite of services and procedures while limiting the patients' and staff's risk of exposure to the virus. This comes as part of a wider set of proactive initiatives undertaken by CHG since the start of the crisis aimed at strengthening the Group's health and safety and business continuity protocols as CHG looks to carry out its civic duty and aid the Egyptian government and public during the ongoing healthcare emergency. A full breakdown of the Group's COVID-19 protocols can be found at the end of this release.

"Since the very start of the crisis, our number one priority has been protecting our staff, patients, and their families. In line with the Egyptian government's guidelines, the Group has rolled out a series of additional health and safety protocols aimed at guaranteeing the safety and wellbeing of all patients and personnel across the Group's eight facilities," said Ahmed Ezzeldin, CHG's Chief Executive Officer. "We also worked to procure all necessary PPE materials for our staff and patients while training our medical personnel on all additional safety measures necessary when treating potential COVID-19-positive patients. In parallel, we further strengthened our internal patient pathways to promptly isolate potential COVID-19-positive patients and capitalize on the vast experience offered by our team of medical consultants and physicians, and ensure that all of our patients continue to receive the best-in-class care they have come to expect from CHG's facilities."

"In response to rising patient demand for COVID-19 treatment centres, the Group has dedicated both El Katib and Queens hospitals exclusively for the treatment and isolation of potential COVID-19-positive patients. In line with our commitment to provide high-quality, affordable care to as many patients as possible, the treatments are offered at competitive rates, with the Group's pricing schemes currently amongst some of the lowest in the industry and fully reflective of our offering and service quality. Operations across all of our facilities continue to be in complete alignment with the Egyptian government's COVID-19 guidelines and directives. This decision has also allowed us to completely ringfence our remaining six facilities from the impacts of COVID-19, thus significantly reducing the risk of exposure to the virus for our patients and staff and ensuring that we can continue to offer our full suite of services and procedures despite the ongoing healthcare crisis," added Ezzeldin.

The Group continues to provide medical services to patients across the Greater Cairo area, serving a total of more than 247 thousand cases during the first three months of the year. It is important to note that following the COVID-19 outbreak in the second half of March and the rollout of containment measures by the Egyptian government, the Group witnessed a material decline in patient volumes across the Group's facilities in the latter half of March and the month of April as patients postponed elective procedures and non-urgent consultations. While patient volumes throughout May and the first weeks of June have shown a steady recovery, the slowdown is expected to weigh down on the second quarter's financial and operational results.

As part of the Group's efforts to help Egyptians through these challenging times, CHG has further widened its service offering to better serve its patients and facilitate access to high quality healthcare. This has included the launch of home visits and telemedicine services to cater to patients unable to visit our facilities, as well as a series of webinars aimed at spreading awareness and infection control best-practices to professionals outside the Group and the general public. A full breakdown of the Group's newly launched medical services is available and the end of this release.

"There is no doubt that the impacts of COVID-19 in Egypt are far from over, and it is crucial for everyone from public and private healthcare providers to individual citizens to continue playing their respective roles to help the government through these extraordinary times. I speak for everybody at CHG when I promise that we are ready to do whatever it takes to support the Egyptian government and people over the coming months. At this time, I would like to extend my gratitude to all medical staff in and outside the Group for their continued efforts in treating patients despite the increasingly difficult conditions. I would also like to thank all of the patients who continue to put their trust in us and choose CHG as their healthcare provider of choice," concluded Ezzeldin.

The Group reported today its consolidated results for the quarter ended 31 March 2020. CHG reported revenues of EGP 502.9 million in 1Q2020, with a net profit at the end of the period of EGP 88.0 million. The Group's bottom-line profitability in the first quarter of the year was supported by the normalisation of the Group's LTIP expenses and impairments which had weighed down on results in the comparable quarter of 2019.

COVID-19 Response Protocols

Across all eight of the Group's medical facilities and offices, health and safety protocols have been tightened, with additional measures including:

- Daily deep cleaning and sterilization of all medical and non-medical facilities.
- Provision of necessary Personal Protective Equipment (PPE) for all staff and patients.
- Strict internal hygiene and sanitization protocols for all medical staff, patients, and visitors.
- Infrared temperature screening at all group hospital entrances.
- Switch to facial recognition and away from fingerprint identification across all CHG facilities.
- New patient engagement and visitor management protocols to minimize the risk of exposure.
- New ER and outpatient clinic protocols to ensure prompt detection, isolation, and referral of all potential COVID-19-positive patients.

In parallel, the Group has enhanced its Hospital Incident Command System to guarantee CHG's ability to adapt to the evolving COVID-19 situation from an operational point of view. As of today, measures include:

- The draw up of an emergency staffing plan to ensure the Group can meet round-the-clock staffing needs.
- Back-office contingency planning to ensure business continuity.
- Engagement programme with the Group's consultants to address any needs or concerns that may arise.
- Supply chain and inventory management protocols to ensure the availability of all necessary medical supplies and avoid disturbances to operations.
- Transformation of El Katib and Queens Hospitals into COVID-19-dedicated facilities to isolate potential positive and confirmed COVID-19 patients and allow the remaining facilities to continue to operate normally.

Service Offering Enhancements

Awareness Webinars

The Group has been hosting a series of webinars aimed at raising awareness on the virus and outlining the infection control and hygiene protocols developed by the Group. The webinars have featured presentations from some of the Group's leading doctors and consulting physicians and have been attended by both medical professionals from outside the Group as well as members of the general public.

Telemedicine (CHG Video Call App)

While the official launch of the new CHG App, which was set to take place during the quarter, has been delayed due to the outbreak of COVID-19, the new app is already being used by thousands of users and is available for download on both the iOS and Android stores. In early 2020, CHG partnered with Elbalto, Egypt's first telemedicine mobile app, to offer patients consultation and follow-ups through video calls. This additional feature gives patients direct access to CHG's top-class physicians while helping to promote social distancing and limiting the risk of exposure for the Group's patients and staff.

Home Visits

The Group's new home consultation service offering covers all specialties in CHG's current roster alongside a full suite of diagnostic and consultation services. The Group's highly qualified team of doctors are equipped with all necessary PPE and have received the necessary additional training to handle home visits.

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ABOUT CLEOPATRA HOSPITALS GROUP S.A.E.

The Group 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.

Shareholder Information

EGX: CLHO.CA

Listed: June 2016

Shares Outstanding: 1,600 million

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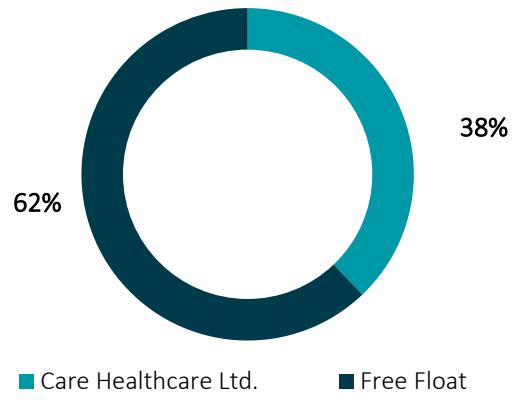
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Shareholder Structure

(as of March 2020)



Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would”, or, in each case, their negatives, or other similar expressions that are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management’s (“Management”) current views of future events, are based on Management’s assumptions, and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate, or prediction to become inaccurate. These risks include fluctuations in the prices of raw materials or employee costs required by our operations, its ability to retain the services of certain key employees, its ability to compete successfully, changes in political, social, legal, or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations, and Management’s ability to timely and accurately identify future risks to our business and manage the risks mentioned above.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly to the total figure given.

Consolidated Statement of Income

All figures in EGP mn

	1Q2020	1Q2019	% change
Revenues	502.9	416.0	21%
Cost of sales	(331.7)	(261.8)	27%
Gross profit	171.2	154.2	11%
<i>Gross Profit Margin</i>	34%	37%	
General & administrative expenses	(70.0)	(98.6)	-29%
Cost of acquisition activities	0.0	(0.5)	n/a
Provisions	(3.9)	(2.7)	45%
Other income	1.8	2.0	-13%
Pre-Operating Expenses	0.0	0.0	n/a
EBIT	99.1	54.3	82%
<i>EBIT Margin</i>	20%	13%	
Interest income	18.3	29.4	-38%
Interest expense	(0.6)	(3.2)	-80%
Profit before tax	116.7	80.6	45%
<i>PBT Margin</i>	23%	19%	
Income tax	(29.7)	(26.3)	13%
Deferred tax	0.9	0.9	1%
Net profit after tax	88.0	55.1	60%
<i>Net Profit Margin</i>	17%	13%	
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<u>Distributed as follows:</u>			
Shareholders of the company	82.1	53.5	53%
Minority rights	5.9	1.6	259%
Profit for the period	88.0	55.1	60%

Consolidated Statement of Comprehensive Income

All figures in EGP mn

	1Q2020	1Q2019	% change
Net Profit	88.0	55.1	60%
Other comprehensive income	0.0	0.0	
Total comprehensive income for the year	88.0	55.1	60%
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<u>Total comprehensive income attributable to:</u>			
Owners of the company	82.1	53.5	53%
Non-controlling interest	5.9	1.6	259%
Total comprehensive income for the year	88.0	55.1	60%

Consolidated Statement of Financial Position

All figures in EGP mn

31 December 2019

31 March 2020

Non-current assets		
Fixed assets	908.5	931.8
Intangible assets	413.6	413.6
Right of Use	10.2	9.7
Payment under investment	-	21.7
Total non-current assets	1,332.4	1,376.9
Current assets		
Paid under subsidiaries capital increase	-	-
Inventory	49.3	64.9
Accounts receivables	337.2	382.2
Other receivables and debit balances	105.2	129.2
Due from related parties	2.0	0.3
Treasury Bills	50.1	149.1
Cash	791.3	591.2
Total current assets	1,335.0	1,316.9
Total assets	2,667.4	2,693.8
Equity		
Share capital	800.0	800.0
Reserves	284.4	284.4
Retained earnings	746.2	828.3
Equity attributable to the parent company	1,830.6	1,912.7
Non-controlling interest	103.9	109.8
Total equity	1,934.5	2,022.5
Non-current liabilities		
Long term debt – non-current portion	-	-
Non-current portion of lease liability	5.8	5.4
Deferred tax liability	74.8	73.9
Total non-current liabilities	80.6	79.3
Current liabilities		
Provisions	15.6	16.1
Creditors and other credit balances	442.3	357.2
CPLTD	-	-
Current portion of lease liability	2.7	2.8
Long term incentive plan	129.1	129.1
Current income tax	62.6	86.8
Total current liabilities	652.3	592.0
Total liabilities	732.9	671.3
Total liabilities & shareholders' equity	2,667.4	2,693.8

Consolidated Statement of Cash Flow

All figures in EGP mn	31 March 2019	31 March 2020
<u>Cash flow from operating activities:</u>		
Profit before tax	80.6	116.7
<u>Adjustments for:</u>		
Depreciation	14.0	20.7
Allowance for impairment of current assets	31.9	13.0
Provision	0.5	0.6
Capital gain/Loss	(0.2)	(0.2)
Credit / Debit Interest	(27.3)	(17.9)
Changes in current tax liability	(57.7)	(5.5)
Share-based payments financial liabilities	22.3	-
Operating profits before changes in assets and liabilities	64.0	127.4
<u>Changes in working capital:</u>		
Changes in Inventories	(6.2)	(15.7)
Change in trade receivables, debtors, and other debit balances	(63.7)	(38.0)
Changes in Due from related parties	(4.5)	1.8
Change in trade and other payables	30.2	(49.9)
Net cash flows generated from operating activities	19.8	25.5
<u>Cash flow from investment activities:</u>		
Proceeds from sale of fixed assets	0.5	0.3
Payments for purchase of fixed assets	(13.8)	(7.5)
PUC purchased	(49.6)	(36.1)
Advanced payments for purchase of fixed assets	(2.7)	(44.0)
Payments for acquisition of a subsidiary, net cash acquired	(25.0)	-
Payments under investment	-	(57.2)
Credit interest collected	28.4	18.2
Time deposits with maturity more than 3 months	-	(99.0)
Net cash flow from investment activities	(62.2)	(225.2)
<u>Cash flow from financing activities:</u>		
Proceeds from Minority Share in Subsidiary Cap Increase	-	-
Dividends Paid	(0.0)	-
Repayment of borrowings	(95.1)	-
Cash proceed from overdraft	27.6	-
Cash paid to overdraft	(16.0)	-
Interest paid	(14.5)	(0.4)
Net cash flow from financing activities	(98.0)	(0.4)
Net change in cash & cash equivalents during the period	(140.4)	(200.0)
Cash & cash equivalents at the beginning of the period	953.4	791.3
Cash & cash equivalents at the end of the period	813.0	591.2