

Cleopatra Hospitals Group 1Q2020 Trading Update

CHG is set to record solid top- and bottom-line growth in the first three months of the year as COVID-19 impact on operations remains limited during the period; supported by a strong balance sheet and liquidity position, and the defensive nature of Egypt's healthcare industry, the Company is well-prepared to overcome any potential challenges.

Cairo, Egypt | 11 May 2020

Cleopatra Hospitals Group (CHG) is set to report solid financial results in the first quarter of 2020 despite the COVID-19 global pandemic and the restrictive measures imposed by the Egyptian government to contain the spread of the virus.

Key Financial Highlights¹

- **Revenues** in excess of EGP 500 million in 1Q2020, up around 22% y-o-y supported by strong top-line growth in the range of 25-30% for the first two months of 2020, in line with previous guidance. Growth was largely driven by the Group's more established hospitals and further supported by strong ramp up from the recently added facilities.
- CHG is looking at solid growth with stable margins at the **gross profit** and **EBITDA** levels for the quarter, as the Group continued to drive efficiency enhancement at the organic level.
- At the hospital level, CHG continues to record robust **gross profit margins** at all its more established hospitals. Meanwhile, the ramp up phase at the newly added facilities is progressing well and management expects them to begin generating margins in line with the Group's other facilities.
- The Group is set to record **net profit** year-on-year growth upwards of 50% for the quarter.

Through its commitment to sustainable financial policies, CHG enjoys a strong liquidity position with cash on hand as at 31 March 2020 in excess of EGP 700 million, in addition to undrawn lines of credit. CHG has no material short-term bank or lease obligations coming due over the next twelve months. The Group has reviewed its CAPEX plans for 2020 in light of the current COVID-19 situation with a focus on deferring non-essential expenditure to 2021 and prioritizing expenditure aimed at generating further EBITDA growth to improve CHG's return on capital metrics.

Tailored Service Offering: Home Consultations and Telemedicine

In line with CHG commitment to helping Egyptians through these challenging times, the Group has further widened its service offering to better serve its patients and facilitate access to high quality healthcare in Egypt. The new initiatives have also helped drive up the Group's patient volumes partially mitigating the negative impact of COVID-19 on patient flows. CHG has launched several new services including:

- **Home Consultations** – 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.
- **Telemedicine (CHG Video Call)** – CHG has partnered with Elbalto, Egypt's first telemedicine mobile app, to offer patients consultation and follow ups through video calls. This 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.
- **Call Centre Service** – the Group is also continuing to operate its new unified call centre service which allows for both inbound patient calls and enables the Group to conduct outbound calls directly to patients to follow-up on cases and the patient's recovery, to set up home delivery for medication, and to organise home visits.

CHG COVID-19 Response Protocols

At this time, the Group's number one priority is guaranteeing the safety and wellbeing of its staff, both medical and non-medical, and of its patients and their families. Across all eight of the Group's medical facilities and offices health and safety protocols have been tightened, with additional measures including:

¹ 1Q2020 figures are unaudited



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- 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 reporting 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.

—Ends—

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 in 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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Shareholder Structure

(as of December 2019)



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, which 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, our ability to retain the services of certain key employees, our 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 identify future risks to our business and manage the risks mentioned above in a timely and accurate manner.

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.