

# Cleopatra Hospitals Group Reports 1Q2022 Results

*CHG delivered a strong first quarter performance significantly exceeding pre-pandemic levels in non-COVID-19-related business as COVID-19 contribution continues to decline; margins stood in line with Group's historical averages and above pre-pandemic levels; Operationally, CHG completed the renovation of several existing facilities and began completions works at the brownfield Sky Hospital, its new East Cairo facility*

## Cairo, 29 May 2022

Cleopatra Hospital Group S.A.E. (CLHO.CA on the Egyptian Exchange), Egypt's leading and largest private hospital group by number of hospital beds and number of operating hospitals, reported today its consolidated results for the quarter ended 31 March 2022.

## 1Q2022 Performance and Strategic Highlights

- **Total Group Revenues** recorded EGP 636.9 million in 1Q2022, largely unchanged from 1Q2021 as a solid 16% year-on-year increase in non-COVID-19 related revenue contribution offset a 50% year-on-year decline in COVID-19 related services during the quarter.<sup>4</sup>
- **Volumes** continued their strong growth trajectory, with surgical procedures growing 8% supported by the ramping up of the Group's Centres of Excellence and enhanced cross-asset referrals. Outpatient visits across all facilities increased by 12% supported by a 32% increase in polyclinic volumes. Finally, non-COVID-19 inpatient volumes continued to expand increasing 4% versus last year.
- **Margins** remained above pre-pandemic levels, as lower profitability generated by COVID-19 services was offset by enhanced operational efficiencies and cost savings across the Group's non-COVID-19 hospitals.
- **Net profit** contracted 5% versus 1Q2021, with the net profit margin stable at 16% for the quarter. CHG continued its share buyback program and as of 29 May 2022 has accumulated over 5.7% of the Company's outstanding share capital. Pro-forma for the accumulated shares, which will be cancelled in due course, **earnings per share** is c.1% above the same period last year. CHG's initiated the buyback programme with the aim to cancel acquired shares resulting in accretion to its existing investors.
- At **Cleopatra (CHC), Cairo Specialised (CSH), and Al Shorouk Hospitals (ASH)** the Group's more established facilities, CHG recorded steady growth in the first quarter of the year supported by expanding volume and increasingly optimized case mix. At Nile Badrawi Hospital (NBH), extensive renovations to outpatient clinics and ER department weighed down on volumes during the period. **NBH's performance is expected to normalise in the second half of 2022** as management introduces new services and inaugurates its outpatient department unlocking the hospital's full revenue generating potential.
- During the quarter, CHG press forward with **El Katib Hospital's post-COVID-19 strategy**. Similarly, in April 2022 the Group also kicked off Queens Hospital's post-pandemic strategy. El Katib has already begun operating as a regular facility despite remaining in its soft launch phase. At Queens, operations have been temporarily shut down and are planned to commence again in 4Q2022.
- **CHG's polyclinics** maintained their strong performance in 1Q2022, with the facilities turning net positive for the first time since their initial launch in 2019. **Bedaya**, the Group's IVF brand, witnessed solid year-on-year top-line growth supported by a steady increase in patient volumes.
- At the Group's new brownfield facility, **Sky Hospital**, the fit-out programme is progressing on schedule and the Group expects to complete by the end of 2023. CHG will operate the new 200-bed facility for a total period of 27 years, extending a full roster of services to employees of the petroleum sector companies as well as to other clients and patients in East Cairo. CHG is currently studying several **opportunities of expansion** in West Cairo as it looks to grow its new bed capacity in currently underserved areas of Greater Cairo.
- CHG's **digitalization** strategy is well underway with Group revamping all its patient-facing tools and applications to enhance patient pathways and deliver seamless integrated care. In particular, during 1Q2022 the Group launched its revamped corporate website.

## Management Comment

**Cleopatra Hospitals Group commenced the new year delivering a strong set of financial and operational results, setting the pace for yet another successful year of growth and value creation.** During the quarter, we delivered revenues well in excess of EGP 600 million, significantly exceeding pre-pandemic levels, with strong margins at all levels of profitability. More specifically, **our top-line was supported by solid 16% year-on-year growth at our non-COVID-19 business** which offset an expected decline in revenues generated by our COVID-19 services as the country witnessed a sharp decline in infection rates. Further down the



income statement, we recorded **solid margins at all levels of profitability, above our pre-pandemic averages**. This is a particularly noteworthy achievement which comes as a direct result of our proactive cost control and efficiency enhancement strategy. **Having foreseen the continued challenges posed by global supply chains and rising inflation, during the final months of 2021 we actively worked to build up our medical supplies inventory**. This helped us mitigate the impact of rising prices on profitability during the first three months of the new year and ensured we were adequately equipped to serve all our patients during the quarter. While we have seen these challenges continue into the second quarter of the year, **we are confident that our proven ability to navigate them coupled with our proactive mitigation strategy will continue to provide robust safeguards**.

**In parallel, we continued taking important strides in solidifying key aspects of the business**. Highlights from this quarter include the launch of our revamped corporate website, the completion of several renovation works at Cairo Specialised and Cleopatra Hospitals, and the successful soft launch of El Katib's new service offering in line with the facility's post-COVID-19 strategy. Meanwhile, we are continuing to leverage our new HIS/ERP system to further optimize our operations and are making good progress with the scheduled renovations of Nile Badrawi Hospital, which we expect to conclude in the second half of this year. Finally, I am particularly happy to note that the takeover of operations at our new brownfield facility, **Sky Hospital**, have now been completed and the fit-out phase is progressing according to plan. We expect to conclude it by year-end 2023 after which we will inaugurate the facility and operate it for a period of 25 years.

As we near the half-way mark of what has thus far been a turbulent year characterised by several challenges both globally and here at home, our strategy and priorities remain unchanged. On the organic front, we will look to continue **driving broad-based growth across all facilities**, leveraging the increasing integration of our network and our strengthened digital capabilities to create new cross-selling opportunities, drive cost savings and efficiencies, and ultimately enhance our patients' experience. At the same time, **we remain committed to expanding our network**. On this front, we are actively exploring growth opportunities in West Cairo to expand our capacity and footprint further. We are particularly interested in identifying opportunities where we can employ similar contractual arrangements to those used in the Sky Hospital deal which enable us to expand our operations in an asset-light manner. **Overall, I am very pleased with our first quarter performance, and I look forward to building on it to continue creating additional value for patients, stakeholders, and the wider Egyptian healthcare industry.**

**Ahmed Ezzeldin**  
Group CEO

–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 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 contact:

**Cleopatra Hospitals Group S.A.E.**

**Hassan Fikry**

Executive Director  
Strategy & Business Operations  
[hassan.fikry@cleohc.com](mailto:hassan.fikry@cleohc.com)

**Waleed Hamed**

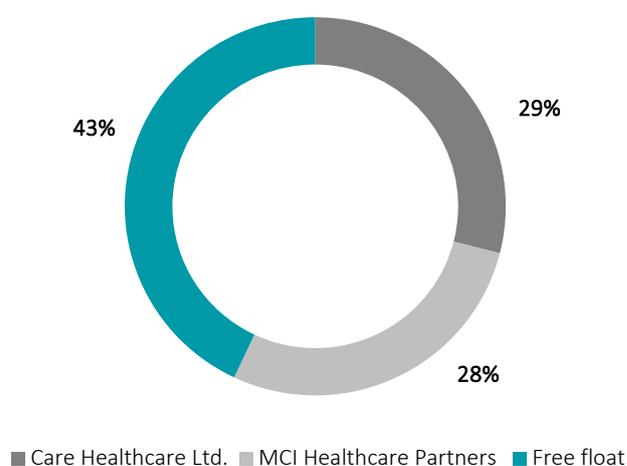
Corporate Strategy & IR Manager  
[waleed.hamed@cleohc.com](mailto:waleed.hamed@cleohc.com)

T: +2 (0)2 2241 7471

[investors.cleopatrahospitals.com](http://investors.cleopatrahospitals.com)

### Shareholder Structure

(as of March 2022)



## 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	1Q2021	1Q2022	% change
Revenues	633.2	636.9	1%
Cost of sales	(392.0)	(415.0)	6%
<b>Gross profit</b>	<b>241.2</b>	<b>222.0</b>	<b>-8%</b>
<i>Gross Profit Margin</i>	38%	35%	
General & administrative expenses	(93.6)	(102.1)	9%
Cost of acquisition activities	(5.3)	(0.8)	-85%
Provisions	(9.6)	(4.4)	-54%
Other income	6.2	1.9	-70%
Pre-operating income	0.0	0.0	N/A
<b>EBIT</b>	<b>138.9</b>	<b>116.5</b>	<b>-16%</b>
<i>EBIT Margin</i>	22%	18%	
Interest income	12.6	20.7	64%
Interest expense	(6.0)	(7.3)	22%
<b>Profit before tax</b>	<b>145.5</b>	<b>129.8</b>	<b>-11%</b>
<i>PBT Margin</i>	23%	20%	
Income tax	(37.4)	(27.3)	-27%
Deferred tax	(0.1)	(0.1)	-2%
<b>Net profit after tax</b>	<b>107.9</b>	<b>102.4</b>	<b>-5%</b>
<i>Net Profit Margin</i>	17%	16%	
<u>Distributed as follows:</u>			
Shareholders of the company	101.3	96.0	-5%
Minority rights	6.6	6.4	-3%
<b>Profit for the period</b>	<b>107.9</b>	<b>102.4</b>	<b>-5%</b>

## Consolidated Statement of Comprehensive Income

All figures in EGP mn	1Q2021	1Q2022	% change
Net Profit	107.9	102.4	-5%
Other comprehensive income	0.0	0.0	-
<b>Total comprehensive income for the year</b>	<b>107.9</b>	<b>102.4</b>	<b>-5%</b>
<u>Total comprehensive income attributable to:</u>			
Owners of the company	101.3	96.0	-5%
Non-controlling interest	6.6	6.4	-3%
<b>Total comprehensive income for the year</b>	<b>107.9</b>	<b>102.4</b>	<b>-5%</b>

## Consolidated Statement of Financial Position

All figures in EGP mn	31 December 2021	31 March 2022
<b>Non-current assets</b>		
Fixed assets	1,351.7	1,374.7
Intangible assets	425.5	425.0
Right of use	174.7	167.6
Payment under investment	5.7	5.7
Investment in associates	2.2	2.2
<b>Total non-current assets</b>	<b>1,959.8</b>	<b>1,975.2</b>
<b>Current assets</b>		
Inventory	51.3	57.4
Accounts receivables	383.3	431.3
Other receivables and debit balances	191.7	118.3
Due from related parties	0.5	0.8
Treasury bills	677.1	492.3
Cash	168.9	215.6
<b>Total current assets</b>	<b>1,472.8</b>	<b>1,315.8</b>
<b>Total assets</b>	<b>3,432.6</b>	<b>3,290.9</b>
<b>Equity</b>		
Share capital	800.0	800.0
Treasury Shares	(4.2)	(234.8)
Reserves	302.9	302.9
Retained earnings	1,270.0	1,366.0
Long term incentive plan	8.3	12.4
<b>Equity attributable to the parent company</b>	<b>2,377.1</b>	<b>2,246.5</b>
Non-controlling interest	120.7	127.2
<b>Total equity</b>	<b>2,497.8</b>	<b>2,373.7</b>
<b>Non-current liabilities</b>		
Long-term investments creditors	31.8	35.2
Non-current portion of lease liability	172.7	168.6
Deferred tax liability	81.8	81.9
<b>Total non-current liabilities</b>	<b>286.3</b>	<b>285.8</b>
<b>Current liabilities</b>		
Provisions	21.9	21.2
Creditors and other credit balances	461.0	476.2
Due to related parties	-	-
Current Portion of Borrowings	60.6	-
Current portion of lease liability	38.7	40.6
Current income tax	66.2	93.5
<b>Total current liabilities</b>	<b>648.5</b>	<b>631.4</b>
<b>Total liabilities</b>	<b>934.8</b>	<b>917.2</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>3,432.6</b>	<b>3,290.9</b>

## Consolidated Statement of Cash Flow

All figures in EGP mn	1Q2021	1Q2022
<b><u>Cash flow from operating activities:</u></b>		
Profit before tax	145.5	129.8
<u>Adjustments for:</u>		
Depreciation	27.0	38.1
Right of use depreciation	-	-
Amortization of intangible assets	4.0	4.0
Allowance for impairment of current assets	27.3	(10.0)
Provision	1.0	(0.7)
Capital gain/loss	(0.0)	(0.4)
Credit/debit interest	(6.6)	(10.6)
Changes in current tax liability	(32.9)	-
Gain/loss in investments in subsidiaries	(0.3)	-
Employee incentive	1.1	4.1
<b>Operating profits before changes in assets and liabilities</b>	<b>166.1</b>	<b>154.3</b>
<u>Changes in working capital:</u>		
Changes in inventories	0.6	(6.2)
Change in trade receivables, debtors, and other debit balances	(30.9)	(46.7)
Changes in due from related parties	(0.5)	(0.3)
Change in trade and other payables	6.8	15.9
Paid from employee incentive plan	-	-
Change in lease	(14.7)	(1.7)
Others	-	-
<b>Net cash flows generated from operating activities</b>	<b>127.4</b>	<b>115.4</b>
<b><u>Cash flow from investment activities:</u></b>		
Proceeds from sale of fixed assets	0.0	0.8
Payments for purchase of fixed assets	(19.8)	(21.7)
PUC purchased	(22.8)	(33.3)
Advanced payments for purchase of fixed assets	(5.7)	4.6
Fixed assets suppliers	-	-
Payments for acquisition of a subsidiary, net cash acquired	-	-
Payments under investment	(5.7)	-
Credit interest collected	11.0	14.2
Treasury bills	-	-
Paid under subsidiaries capital increase	-	-
Paid for investment associates	-	(0.0)
<b>Net cash flow from investment activities</b>	<b>(43.1)</b>	<b>(35.3)</b>
<b><u>Cash flow from financing activities:</u></b>		
Lease payments	-	-
Treasury Shares	-	(150.0)
Dividends paid	(0.0)	-
Repayment of borrowings	-	-
Cash proceed from overdraft	95.5	31.8
Cash paid to overdraft	(42.5)	(92.4)
Interest paid	(7.1)	(7.9)
<b>Net cash flow from financing activities</b>	<b>45.9</b>	<b>(218.5)</b>
<b>Net change in cash &amp; cash equivalents during the period</b>	<b>130.3</b>	<b>(138.3)</b>
Cash and cash equivalents at the beginning of the period	550.5	847.5
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>680.8</b>	<b>709.2</b>