Cairo, Egypt | 6 September 2020

Cleopatra Hospitals Group Reports 1H2020 Results

CHG reported resilient operational and financial results for the first half of 2020 despite the ongoing COVID-19 crisis weighing down on patient volumes in the first part of the second quarter; the Group has transformed two of its hospitals into COVID-19 isolation and treatment facilities in 2Q2020; CHG's long term organic and inorganic growth strategy remains intact with plans to expand across the Group's various verticals leveraging its leading position in the Egyptian healthcare sector

1H2020 Financial & Operational Highlights[1]

EGP 843.1 million Total Consolidated Revenue (+2% y-o-y)	EGP 267.4 million Gross Profit -6% y-o-y (32% margin vs 35% in 1H2019)	EGP 102.0 million Net Profit +4% y-o-y (12% margin, unchanged from 1H2019)
EGP 193.4 million Adj. EBITDA[2] (-12% y-o-y, 23% margin) EBITDA[3]: -7% y-o-y, 20% margin	EGP 0.06 Earnings per Share (EGP 0.06 in 1H2019)	+392,507 Cases Served[4] (-16% y-o-y)

Cairo, 6 September 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, reported today its consolidated results for the six-month period ended 30 June 2020.

1H2020 Financial Highlights:

- **Despite a short-term decrease in patient volumes early in the second quarter following the outbreak of COVID-19, CHG's top-line increased 2% y-o-y in the six months to 30 June 2020 reaching EGP 843.1 million.** During the period, the Group partially mitigated the fall in patient volumes, which was mainly as a result of patients delaying elective surgeries, through a series of initiatives aimed at improving utilization across its facilities while capturing additional demand from COVID-19 patients and the newly launched home visit services. In the second quarter of the year, revenues came in 17% below last year's figure at EGP 340.2 million as a significant dip in patient volumes for the month of April (which coincided with the peak of COVID-19 fears in Egypt) weighed down on the quarter's top-line. During the six-month period, average revenue per case improved c.21% versus last year supported by the Group's enhanced service offering which now features more complex surgical procedures as well as several other higher value-added services.
- **Gross profit margin (GPM)** for the first six months of the year stood at 32%, broadly in line with the Group's historical average as the Group's efficiency enhancement strategy helped mitigate the decline in revenues booked in the second quarter of the year. In 2Q2020, GPM stood at 28% versus 32% in the comparable period of last year, as lower volumes and higher COVID-19-related costs weighed down on gross profitability for the quarter. The Group was particularly successful in driving improvements across its variable cost components with medical consumables and consultant fees declining as a percentage of sales for the period, while simultaneously containing fixed costs, most of which were related to staff costs.

[1] Consolidated figures include the newly added East and West Cairo Polyclinics as well as Queens and El Katib Hospitals.
[2] Adjusted EBITDA: Earnings before Interest, Tax, Depreciation and Amortization adjusted for provisions, impairments, LTIP, acquisitions expenses, pre-operating expenses and excluding contributions from other income.
[3] EBITDA does not adjust for impairments booked during the period.
[4] Cases served includes number of in-patients, outpatient visits and ER visits.

- **Adjusted EBITDA**[2] came in at EGP 193.4 million in 1H2020, down 12% y-o-y and with a margin of 23% for the period. In 1H2020, the Group reported an EBITDA[3] contraction of 7% versus the same six months of 2019, with an associated margin of 20% versus the 22% margin recorded in the same period of last year. In the second quarter of the year, adjusted EBITDA came in 41% below last year's figure at EGP 56.8 million (17% margin) on the back of the previously mentioned fall in patient volumes.
- **Net profit** for the period came in at EGP 102.0 million (NPM 12%) in 1H2020, up 4% from the comparable period a year ago as the adverse impacts related to COVID-19 were cancelled out by the year-on-year decrease in LTIP expenses and impairments recorded during the period. On a quarterly basis, net profit stood at EGP 14.0 million, with an associated margin of 4%.
- **Earnings per share** stood at EGP 0.06 in 1H2020, unchanged versus the first six months of last year. Earnings per share in 2Q2020 stood at EGP 0.01 compared to the EGP 0.03 in the second quarter of 2019.

1H2020 Operational Highlights – Converting the challenge into an opportunity to capture a larger market share:

- During the first six months of the year, the number of **cases served**[4] across the Group's facilities stood at c.393 thousand versus the c.466 thousand served in the same period a year ago. Starting in mid-March and for the entire month of April, patient volumes reported significant declines across the Group's entire service offering as patients opted to postpone elective procedures and non-urgent consultations. **However, in the months of May and June, the Group witnessed a sustained recovery in volumes with total cases served at the Group's organic hospitals in the month of June standing 64% above April 2020's figure**.
- Across all facilities and business verticals the Group continues to adhere to the additional **strict health and safety protocols** introduced at the onset of the COVID-19 outbreak to protect its staff, patients, and their families from risks related to the ongoing pandemic. New business continuity and operational protocols have also been adopted to safeguard the Group's operations.
- In response to rising patient demand for dedicated COVID-19 facilities in the second quarter of the year, starting from mid-May 2020, we transformed **El Katib Hospital and Queens Hospital were transformed into COVID-19 isolation hospitals for suspected positive patients.** The strategic decision, taken in accordance with CHG's Medical Council, has allowed CHG to continue offering its full suite of medical services at its other six facilities while offering best-in-class care to COVID-19-positive or suspected patients at its two dedicated hospitals. El Katib Hospital and Queens Hospital, the Group's COVID-19-dedicated facilities, treated more than 300 COVID-19-positive or suspected cases since their conversion. The majority of the treated cases involved patients requiring treatment at the facilities' ICU units. The Group witnessed significant growth in revenues generated by the two facilities, with Queens Hospital's second quarter top-line standing at EGP 11.1 million versus the EGP 1.5 million recorded in 1Q2020, and El Katib's revenues standing 13% above the facility's typical 2Q performance.
- CHG's **Polyclinics and Pharmacy verticals** delivered an impressive combined year-on-year revenue expansion of more than 200% despite the ongoing COVID-19 pandemic. During the period, the Group continued to witness strong growth at both its East and West Cairo polyclinics with good referral business to its main hospital facilities. Management expects both verticals to deliver sustainable growth in the coming years.
- CHG's **Diagnostics vertical** (radiology and laboratories) recorded a 24% y-o-y rise in revenues for 1H2020 as a direct result of management's continued efforts to expand CHG's diagnostics vertical with additional growth anticipated as the Group makes full use of its sample collection and processing capacity. In 2019, the Group completed more than 1.5 million tests and generated revenues of EGP 260 million.
- During the second quarter, the Group launched several new digital services in line with its commitment to helping Egyptians through these challenging times by guaranteeing virtual access to CHG's high quality healthcare services directly from the patients' homes. The Group's **nascent digital service offering** now includes consultations and follow ups through video call using the CHG mobile app, as well as awareness webinars. The Group's home consultation offering has become increasingly popular amongst patients unable or unwilling to visit healthcare facilities during the ongoing pandemic. Both the Group's enhanced digital service offering and CHG's home visit services are part of the Group's latest **Home vertical** which management plans to continue expanding heading into the second half of the year and into 2021.

Commenting on Cleopatra Hospitals Group's performance for 1H2020, Chief Executive Officer Ahmed Ezzeldin said:
"The second quarter of 2020 was without a doubt **a very challenging quarter for both CHG and most other companies around the world**, as the worsening economic situation resulting from the outbreak of COVID-19 coincided with the holy month of Ramadan, a generally slow month for companies across most sectors in Egypt. While this concurrence of events did pose significant operational challenges for the Group, I am pleased to report that our proactive multi-pronged response plan aimed at enhancing utilisation and driving up patient volumes, while simultaneously implementing several targeted cost control initiatives, allowed us to **deliver resilient financial and operational results in the first six months of the year.** Although the ongoing crisis has and will continue to test our internal operational frameworks, I take pride in the Group's ability to promptly adapt to the changing

circumstances and turn a negative situation into an opportunity for future growth, laying the foundations for what I am sure will be an exciting new chapter in CHG's corporate story.

Following the outbreak of COVID-19 in the second half of March and the implementation of restrictive measures by the Egyptian government to reduce the spread of the virus, medical facilities across the country witnessed a sharp decline in patient volumes during the month of April, with cases served at our organic hospitals falling well below April 2019's figure. The decline was largely attributable to patients opting to postpone elective procedures and non-urgent appointments due to fears related to the ongoing pandemic. However, in line with management's expectations and efforts, **patient volumes began a steady recovery during the months of May and June and are now well on their way to full normalisation**. In June, cases served at our organic hospitals were 64% above those served in the month of April, with June revenues exceeding last year's. The recovery was dual driven as the gradual lifting of the government's restrictive measures complemented our efforts to drive up patient volumes through multiple initiatives. Our **strategic decision to convert El Katib and Queens Hospitals into COVID-19 treatment centres proved to be a successful one,** as this saw the Group further boost the utilization of our newly acquired hospitals, which were previously still in their ramp up phases. By guaranteeing regular patients access to a full roster of medical services at COVID-19-free facilities, we were also able to mitigate the expected drop in volumes resulting from the outbreak of the virus, and in turn generate greater-than-expected revenues across our more established hospitals, further attenuating the adverse financial impact of the crisis. During the period, our consultant sales and marketing teams did an outstanding job in launching various campaigns aimed at attracting patients while keeping in constant contact with our medical consultants, providing assistance whenever needed and ensuring their needs and concerns were promptly catered to. At the same time, **we launched multiple new services** aimed at improving the accessibility to high quality healthcare for patients all across the country. The new tools include video consultations and follow up appointments, and awareness seminars to educate healthcare professionals and the general public on the most effective isolation and treatment protocols to combat the spread of COVID-19. In parallel, we are also offering home visits and consultations for all patients unwilling or unable to visit our healthcare facilities in person during the ongoing crisis.

With regards to our cost control and reduction efforts, across the entire Group we worked to **improve staff allocation to maximise productivity and optimise overtime claims**. On the consumables front, we instituted an improved consumable tracking framework to ensure optimal inventory levels, and simultaneously leveraged our established relationships with vendors to **secure consumables at competitive prices despite the ongoing shortages** impacting the wider sector. Our efforts to drive cost efficiencies over the last several months to partially mitigate for lower revenues have played a significant role in allowing us to curb the immediate adverse impact on profitability related to the additional one off expenses resulting from COVID-19, and we are confident will continue to yield lasting positive results heading into the second half of the year.

Although the ongoing healthcare and economic crises have led to a more stretched out CAPEX plan, with non-essential spending delayed to 2021, **our underlying growth plans remain intact**. Since inception, CHG's exceptional operational and financial growth has predominantly been driven by our hospitals' platform and our tireless efforts to drive integration and further optimisation across an expanding network of healthcare facilities. However, over the past months, **CHG's management has been exploring avenues to drive growth across the Group's other various revenue streams to capitalise of the potential offered by our diagnostics, polyclinics, and pharmacy platforms**. Ultimately, our goal is to expand the Group's offering from our traditional hospital-focused model and give our patients access to a new, one-stop-shop healthcare solution combining physical access to our best-in-class healthcare professionals with our expanding virtual healthcare services. Our established reputation as a healthcare provider of choice puts us at an advantage with respect to other competitors across these various platforms and sees us ideally positioned to capture a larger share of the market across these new segments of the healthcare sector. Our immediate target will be to enhance our patient retention strategy as they move across the treatment process from the initial referral, to the diagnostics, treatment plan setup, and follow up stages. **Meanwhile, we will continue to push forward with our capacity expansion efforts at our hospitals network.** On the Beni Suef Hospital front, while a significant part of the planned expenditure and renovation works for 2020 have been deferred to the following year, we are continuing to make good progress on the administrative side with our partners on the project, Nahda University for Education and Management S.A.E and Taaleem for Management Services S.A.E. As to our imminent acquisition of one of Cairo's leading IVF centres, we have now completed all the required prerequisite work and expect to sign the final documentation in the coming weeks.

All things considered; **we enter the second half of the year with optimistic expectations for the Group's operational and financial performance in the coming quarters.** Recent government statistics for Egypt have displayed a sustained decline in the number of daily new cases, which, when combined with the continued easing of restrictive measures, we are confident will help drive economic recovery across the entire country. The Egypt-wide recovery alongside our strategic marketing and sales efforts aimed at enhancing utilization across our facilities will further support the recovery in patient volumes as we head into the final two quarters of 2020. On this point, I am delighted to report that year-on-year revenue growth for the month of August has outperformed our expectations, returning to our pre-crisis growth rates and further fuelling our optimism that we are to expect a full recovery by year-end 2020. I am also particularly excited to see the further development of our virtual platform which currently features multiple new offerings, and which will be further enhanced in the coming months. Lastly, I would like to thank all our staff for their incredible work throughout these past few challenging months and our patients who continue to choose CHG as their go-to healthcare provider."

—Ends—

CHG Expansion Strategy and Outlook

Since inception, the Group's growth and operational strategies have, for the large part, revolved around its hospitals platform. Since the time of its IPO, the Group's focus has been on expanding its hospitals network through the acquisition of strategic, already operating and established hospitals and through the launch of new facilities like its East and West Cairo polyclinics. In parallel, CHG worked to rapidly integrate the new facilities into its operating frameworks to generate maximal value from the very get-go. This strategy has yielded tremendous outcomes, with the Group consistently posting exceptional operational and financial results. While vertical growth through acquisitions, with two completed in 2019, and expansions will remain a key area of focus for the Group, management has been exploring alternative strategies to ensure that CHG continues to generate incremental value for all its stakeholders. As such, in recent months, the focus has shifted towards CHG's other three platforms, namely its polyclinics, diagnostics, and pharmacy business lines. All three segments offer significant growth potential for the Group, whose established reputation as a healthcare provider of choice in the Egyptian market, places it in an ideal position to capture a growing share across these new market segments.

Polyclinics
The Group is expanding patient access by developing a network of polyclinics and outpatient centre offerings. Polyclinics are relatively underdeveloped in Egypt, but they represent a low-CAPEX expansion avenue. In 2019, the Group launched its first two polyclinics. The launch of the East and West Cairo Polyclinics not only allow CHG to expand its geographic reach across Greater Cairo, but also help drive up volumes at the Group's main hospitals through the referral of patients. In the first half of 2020, the Group's polyclinics continued to record strong demand as patients increasingly look for alternatives to regular hospitals for outpatient procedures during the ongoing COVID-19 crisis.

From its polyclinics, the Group is also able to offer long-term and home care services, both of which represent areas with great growth potential in the coming years driven by the demographic fundamentals of the Egyptian population. Moreover, home visits have grown particularly popular in recent months as patients prefer to not visit healthcare centres in person following the outbreak of COVID-19.

Diagnostics
In parallel, the Group has been actively working to expand its diagnostics business through the implementation of a well-thought-out strategy. These efforts have already reflected in 1H2020 results, with the Group recording revenue growth of 24% y-o-y at its diagnostics platform. These results position the Group in an ideal spot to capture future growth opportunities in the coming months.

Strengthening the Group's diagnostics capabilities is seen as a key step towards offering patients a one-stop-shop healthcare solution covering all aspects of the treatment process. Currently, CHG offers radiology services throughout its facilities with a dedicated centre of excellence located in Cairo Specialised Hospital. All its radiology centres are linked via a Picture Archiving and Communication (PACS) system, and throughout 2019 the Group completed more than 150 thousand scans. The Group also offers laboratory services on both an inpatient and outpatient basis. This not only greatly increases the quality and efficiency of the treatment offered to patients but allows CHG to further stand out from competitors in the field. In 2019, the Group completed more than 1.5 million tests and generated revenues of EGP 260 million.

Pharmacy
CHG currently operates two pharmacies located in its polyclinics as well as four outpatient pharmacies across its network of hospitals. In the coming period, the Group is looking to roll out an additional pharmacy in the building adject to Al Shorouk Hospital.

Home Services
The Group's newly enhanced home and virtual service offering also gives CHG a new platform from which to further grow its diagnostics and pharmacy segments. Through the launch of video consultations as well as home visits, the Group is able to not only capture a growing share of patient volumes across and outside the Greater Cairo area, but it is also able to bring its diagnostics and pharmacy services to a greater segment of the Egyptian public. Ensuring that patients unable or unwilling to visit healthcare facilities in person have instant access to pharmacy and diagnostic services from the comfort of their homes, will undoubtedly play a key role in growing these revenue streams in the coming years.

New Facility Updates

Facility Ramp-up
During the first six months of the year, the Group continued to make progress with the ramp up phase across the four newly added facilities. At the Group's East and West Cairo polyclinics patient volumes continued to grow supported by increased interest in the Group's polyclinics following the outbreak of COVID-19. Starting in mid-May, El Katib Hospital and Queens Hospital have been temporarily transformed to COVID-19 isolation hospitals in light of rising demand from patients. This has allowed the Group to provide COVID-19-positive patients with dedicated care while protecting staff, patients, and visitors at its other six facilities. Queens Hospital, which was set to become the Group's OBGYN centre of excellence and was undergoing planned renovation works, was transformed into a fully-fledged operating COVID-19 isolation and treatment hospital in just a matter of weeks, allowing the Group

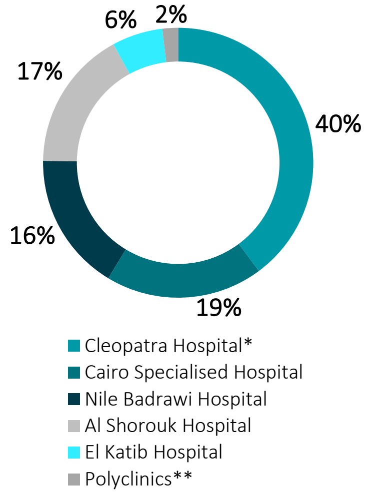
to optimise the use of the previously underutilised facility. Although the COVID-19 emergency is far from over, recent government statistics have shown a steady decline in new cases. As such, CHG management is actively assessing possible plans for both facilities once they will no longer be required as COVID-19-dedicated facilities.

Beni Suef Hospital

While civil works at the Group's new 189-bed hospital in Beni Suef kicked off at the end of last year, CHG management team has decided to postpone a significant portion of the planned CAPEX spending and construction work to 2021. The Beni Suef hospital is CHG's first medical facility outside Greater Cairo and is a move to expand the Group's reach to more secluded regions of the country. The total cost for the refurbishment and development of the facility is estimated at EGP 360 million.

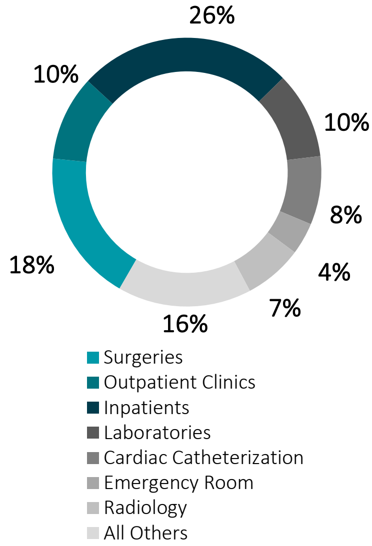
Financial Review

Revenue by Hospital
(1H2020)



**Cleopatra Hospital results for the period include revenue generated by Queens Hospital*
***Polyclinic revenue includes both East and West Cairo Polyclinics (CHG for medical services) in addition to the polyclinic pharmacies segment (CHG Pharma)*

Revenue by Segment
(1H2020)

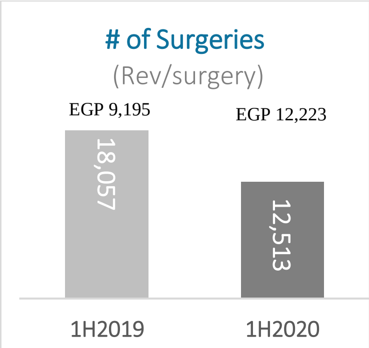


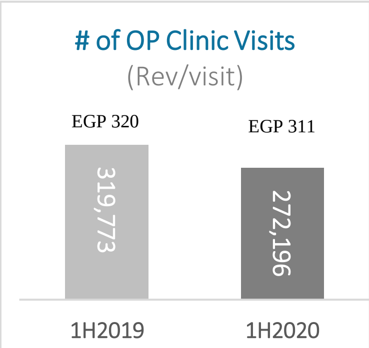
Revenues

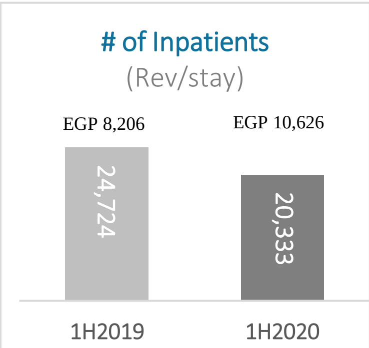
Consolidated revenues increased 2% y-o-y in the first six months of the year coming in at EGP 843.1 million as the strong growth recorded by the majority of the Group's services and procedures during the first three months of the year helped offset the expected significant decreases witnessed across the board during the second quarter of 2020. On a by service basis, the largest contribution continued to come from the Group's inpatient services which recorded a 6% y-o-y rise in revenues during 1H2020 and made up 26% of the Group's consolidated top-line. This was followed by surgeries which made up 18% of total revenues for the six-month period despite recording an 8% y-o-y fall in revenues in 1H2020. During the period, elective surgeries witnessed a 30% y-o-y decline, with urgent, more complicated procedures which could not be postponed helping to mitigate the year-on-year fall. The Group's outpatient and laboratory services each contributed 10% to total revenues with the first having recorded a 17% y-o-y decline in revenues and the latter having reported a strong 16% y-o-y rise in its top-line. The fall in outpatient revenue per patient for the period comes as patients opted to postpone non-essential outpatient procedures and consultations in light of the ongoing COVID-19 pandemic, combined with the Group's strategy to focus on referrals and utilization from the outpatient clinics without significant price increases. On the other hand, the solid growth and the Group's laboratory services was a direct result of the Group's growth strategy which aims to leverage its reputation in the sector to drive growth across its other revenue streams including diagnostics, pharmacy and polyclinics. The efforts to growth the Group's diagnostic services saw CHG's radiology segment record the fastest year-on-year revenue growth rate across all segments at 37%, with its contribution to consolidated top-line rising to 7% for the period from 6% a year ago. Finally, revenues from catherization services increased 8% from the same period a year ago, reflecting the significant investments carried out by CHG over the last couple of years to enhance its catherization labs. The segment's share of total revenues came in at 8% for 1H2020.

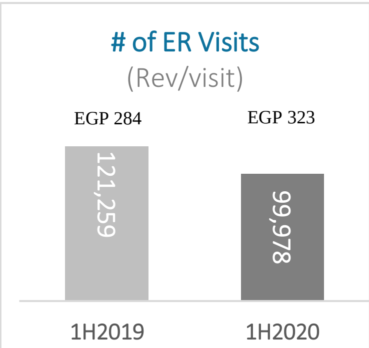
On a quarterly basis, revenues declined 17% y-o-y to EGP 340.2 million in the second quarter of 2020. While overall cases declined 37% y-o-y in the quarter, higher revenues per patient coming from COVID-19 positive or suspected patients and more complicated surgical procedures which continued to be performed throughout the quarter, helped to dampen the year-on-year top-line contraction. During the quarter, outpatient, inpatient, surgeries, and catheterisations services all witnessed a decline in revenues versus the comparable period of last year. On the other hand, the Group's laboratory services reported a 6% y-o-y rise in revenues, while the Group's radiology services recorded an impressive 59% y-o-y increase on the back of the Group's strategy to drive growth at its diagnostics segment.

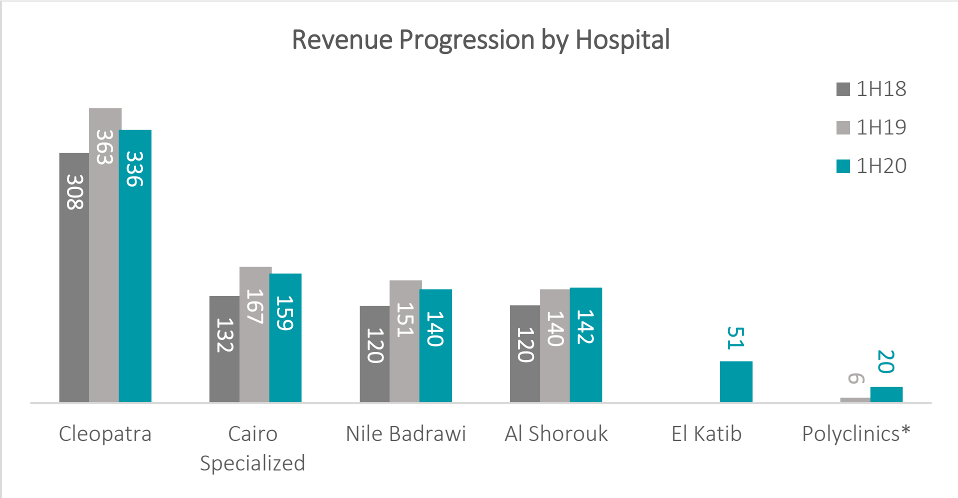
On a per hospital basis, the Group continued to diversify its revenue streams as more historic facilities continued to see their share of total revenues decrease with the newer additions beginning to contribute to a larger share of total revenues. Cleopatra Hospital, which includes revenues of around EGP 12.6 million generated by Queens Hospital, continued to make up the largest share of consolidated revenues at 40% in 1H2020. The rise in revenues generated by Queens Hospital during the period was a direct consequence of the Group's strategic decision to transform the facility into a COVID-19 isolation and treatment centre. This was followed by Cairo Specialized Hospital "CSH", which made a 19% contribution to total revenues in 1H2020. Al Shorouk Hospital "ASH" contributed to 17% of consolidated revenues during the six-month period, while Nile Badrawi Hospital "NBH" saw its contribution decline to 16% in 1H2020. El Katib Hospital's contribution stood at 6% for the period, further supported by its transformation into a COVID-19-dedicated facility. Lastly, the Group's East and West Cairo Polyclinics contributed to 2% of total revenues in 1H2020.











**Polyclinics revenues include revenues from the Group's East and West Cairo Polyclinics as well as CHG Pharma*

Cases Served

The following table outlines the recovery in cases served across the Group's more established hospitals and polyclinics from the lowest point during the crisis (the month of April) versus the month of June, where the Group had already witnessed strong signs of recovery across all segments. Since then, patient volumes have continued to recover and are on track to return to pre-crisis levels in the coming months.

Volumes per Segment Comparison – April 2020 vs June 2020

	Organic Hospitals (CHC, CSH, NBH, ASH)			Polyclinics (East and West Cairo Polyclinics)		
	April	June	*% change*	April	June	*% change*
Outpatient paid consultations	22,946	37,104	*62%*	2,390	4,010	*68%*
Inpatient admissions	1,965	2,250	*15%*	-	-	-
ER admissions	9,854	17,714	*80%*	-	-	-
Cases served (inpatient, outpatient, ER)	**34,765**	**57,068**	***64%***	**2,390**	**4,010**	***68%***
Surgeries	1,145	1,445	*26%*	-	-	-
Catherizations	205	203	*-1%*	-	-	-

COGS

Cost of goods sold in the first six months of the year came in at EGP 575.7 million, up 7% from last year's figures. Salaries and wages made up the largest share of total COGS for the period at 30%, having increased 18% versus last year. This was followed by medical supplies at 28%, down from 30% this time last year despite the purchases of additional PPE in light of the COVID-19 outbreak made during the months of March and April. Finally, consulting physicians' fees were down 8% y-o-y during the period. The Group's COGS/sales ratio stood at 68% for the six-month period. In the second quarter of the year, both medical supplies and consulting fees recorded significant year-on-year declines of 21% and 34% respectively. As a direct result of management's cost efficiency enhancement efforts, the Group's medical supplies/sales ratio declined to 19% for the quarter from 20% in 2Q2019, while CHG's consulting fees/sales ratio declined to 14% from 17% in the same quarter a year ago. On the other hand, salaries and wages recorded a 4% y-o-y rise, making up the lion share of total COGS at 35% for the quarter.

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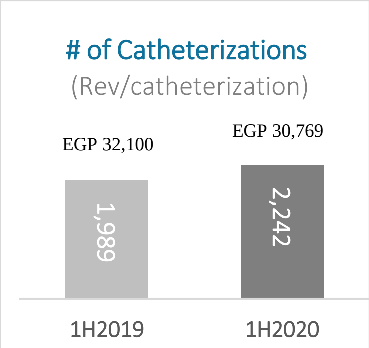

Historical figures have been adjusted to account for standardization of KPI reporting across all facilities.

All KPI figures for 1H2020 refer to all six of CHG hospitals as well as the Group's East and West Cairo Polyclinics (contributing to group's outpatient visits volumes)

Gross Profit

Gross profit for the first six months of the year stood at EGP 267.4 million, down 6% y-o-y and with a healthy GPM of 32%. Gross profitability was in line with the Group's historical averages as management's efficiency enhancement strategy helped to partially mitigate the fall in revenues booked during the second quarter of the year following the outbreak of COVID-19. Moreover, when looking at just the Group's more established facilities, GPM stood at 34% for the period unchanged from margins recorded prior to the outbreak of the crisis. Cleopatra Hospital, which continues to include Queens Hospital's results, recorded a 7% y-o-y fall in gross profit and made up 50% of the Group's total gross profit for the six-month period to 30 June 2020. This was followed by CSH which made up 18% of total gross profit and recorded a 15% y-o-y contraction in gross profits. NBH's gross profit came in 26% below last year's figure in 1H2020, with the hospital making up 14% of total gross profit for the period. ASH saw a 5% y-o-y fall in gross profit, making a 14% contribution to consolidated gross profit for the period. Finally, El Katib Hospital's contribution to total gross profit stood at 7% in 1H2020. Following their conversions into COVID-19-dedicated facilities, El Katib Hospital recorded an impressive 34% GPM in 1H2020, while Queens recorded a GPM of 9%, turning positive for the first time since its acquisition. In 2Q2020, gross profit contracted 26% y-o-y to EGP 96.2. GPM came in at 28% for the quarter versus 32% in the same three months of last year.

G&A Expenses

General and administrative (G&A) expenses consist of the company's non-medical staff costs, including those of senior management and Group-level professional consulting fees. G&A expenses has also historically included the Group's Long-Term Incentive Program (LTIP), a non-cash charge linked to share price appreciation and EBITDA growth. The LTIP, which had a four-year maturity period, matured on the 2nd of June 2020, after which amounts were disbursed. Outlays for G&A purposes decreased 21% y-o-y in 1H2020 to EGP 150.5 million. In the second quarter of 2020, G&A expenses came in 12% below last year's figure at EGP 80.5 million.

The significant year-on-year decrease witnessed in the first half of this year is largely attributable to a decrease in the accrued non-cash LTIP expense and a fall in impairments for the period. In 1H2020, the Group recorded a final LTIP-related expenses for a total of EGP 7.8 million compared to the EGP 53.3 million figure recorded in the same six months a year ago. Similarly, the Group booked EGP 26.0 million in impairments during 1H2020 compared to EGP 41.2 million this time last year. Impairments, which as a percentage of sales stood at 3.1% in 1H2020 versus 5.0% in 1H2019, take into account an additional judgment overlay related to potential short-term turbulence in collections as a result of COVID-19. The decrease in impairments versus the same six months of last year continues to be supported by the Group's efforts to establish a more structured revenue cycle management framework and its enhancements the quality of CHG's claims collection process.

EBITDA

CHG's adjusted EBITDA, factoring out acquisition expenses, impairments, the LTIP's non-cash charge, pre-operating expenses and contributions from other income, contracted 12% y-o-y in 1H2020 to EGP 193.4 million. Adjusted EBITDA margin for the quarter stood at 23%. Without adjusting for impairments, EBITDA was down just 7% y-o-y with an associated margin of 20% versus 22% this time last year. In 2Q2020, adjusted EBITDA came in at EGP 56.8 million, down 41% y-o-y and with an associated margin of 17% versus 23% in 2Q2020.

Net Profit

GHC's consolidated net profit expanded 4% from the same six months of last year to EGP 102.0 million with an associated margin of 12%, unchanged from 1H2019. During the period, the adverse impacts stemming from the outbreak of COVID-19 were cancelled out by the year-on-year decrease in LTIP expenses and impairments recorded during the period. On a quarterly basis, net profit stood at EGP 14.0 million, with a NPM of 4%.

CAPEX

Total CAPEX outlays stood at EGP 196.4 million as of 30 June 2020 including down payments for CAPEX purchases not yet delivered. In light of the COVID-19 outbreak and the associated economic uncertainty, the Group's management has reviewed its CAPEX plans for 2020 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.

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

For further information, please contact:

Cleopatra Hospitals Group S.A.E.

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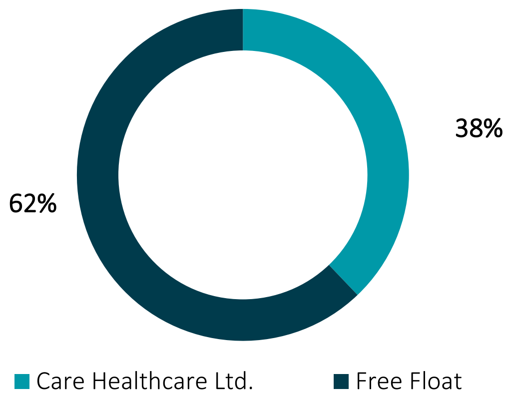
Shareholder Structure

(as of 30 June 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	2Q2020	2Q2019	*% change*	1H2020	1H2019	*% change*
Revenues	340.2	409.1	*-17%*	843.1	825.0	*2%*
Cost of sales	(244.0)	(278.4)	*-12%*	(575.7)	(540.2)	*7%*
Gross profit	**96.2**	**130.7**	***-26%***	**267.4**	**284.9**	***-6%***
Gross Profit Margin	*28%*	*32%*		*32%*	*35%*	
General & administrative expenses	(80.5)	(91.5)	*-12%*	(150.5)	(190.2)	*-21%*
Cost of acquisition activities	(4.9)	(0.1)	-	(4.9)	(0.6)	-
Provisions	(1.7)	0.9	*N/A*	(5.6)	(1.8)	*207%*
Other income	2.1	2.1	*3%*	3.9	4.1	*-5%*
Pre-Operating Expenses	0.0	(3.4)	*N/A*	0.0	(3.4)	*N/A*
EBIT	**11.2**	**38.6**	***-71%***	**110.3**	**92.9**	***19%***
EBIT Margin	*3%*	*9%*		*13%*	*11%*	
Interest income	13.9	26.0	*-47%*	32.2	55.4	*-42%*
Interest expense	(0.6)	(1.7)	*-64%*	(1.2)	(4.8)	*-75%*
Profit before tax	**24.5**	**63.0**	***-61%***	**141.3**	**143.5**	***-2%***
PBT Margin	*7%*	*15%*		*17%*	*17%*	
Income tax	(9.8)	(19.3)	*-49%*	(39.5)	(45.6)	*-13%*
Deferred tax	(0.7)	(1.0)	*-33%*	0.2	(0.2)	*N/A*
Net profit after tax	**14.0**	**42.6**	***-67%***	**102.0**	**97.7**	***4%***
Net Profit Margin	*4%*	*10%*		*12%*	*12%*	
Distributed as follows:						
Shareholders of the company	18.5	43.7	*-58%*	100.6	97.2	*4%*
Minority rights	(4.5)	(1.1)	*329%*	1.4	0.6	*133%*
Profit for the period	**14.0**	**42.6**	***-67%***	**102.0**	**97.7**	***4%***

Consolidated Statement of Comprehensive Income

All figures in EGP mn	2Q2020	2Q2019	*% change*	1H2020	1H2019	*% change*
Net Profit	14.0	42.6	*-67%*	102.0	97.7	*4%*
Other comprehensive income	0.0	0.0	*N/A*	0.0	0.0	*N/A*
Total comprehensive income for the year	**14.0**	**42.6**	***-67%***	**102.0**	**97.7**	***4%***
Total comprehensive income attributable to:						
Owners of the company	18.5	43.7	*-58%*	100.6	97.2	*4%*
Non-controlling interest	(4.5)	(1.1)	*329%*	1.4	0.6	*133%*
Total comprehensive income for the year	**14.0**	**42.6**	***-67%***	**102.0**	**97.7**	***4%***

Consolidated Statement of Financial Position

All figures in EGP mn	31 December 2019	30 June 2020
Non-current assets		
Fixed assets	908.5	1,017.0
Intangible assets	413.6	413.6
Right of Use	10.2	20.0
Payment under investment	-	-
Total non-current assets	**1,332.4**	**1,450.7**
Current assets		
Paid under subsidiaries capital increase	-	-
Inventory	49.3	63.0
Accounts receivables	337.2	347.9
Other receivables and debit balances	105.2	112.3
Due from related parties	2.0	0.5
Treasury Bills	50.1	121.8
Cash	791.3	390.5
Total current assets	**1,335.0**	**1,035.9**
Total assets	**2,667.4**	**2,486.6**
Equity		
Share capital	800.0	800.0
Reserves	284.4	288.3
Retained earnings	746.2	798.6
Equity attributable to the parent company	**1,830.6**	**1,886.9**
Non-controlling interest	103.9	99.1
Total equity	**1,934.5**	**1,986.0**
Non-current liabilities		
Long term debt – non-current portion	-	-
Non-current portion of lease liability	5.8	10.2
Deferred tax liability	74.8	74.6
Total non-current liabilities	**80.6**	**84.8**
Current liabilities		
Provisions	15.6	15.5
Creditors and other credit balances	442.3	375.6
CPLTD	-	-
Current portion of lease liability	2.7	5.3
Long term incentive plan	129.1	-
Current income tax	62.6	19.3
Total current liabilities	**652.3**	**415.7**
Total liabilities	**732.9**	**500.6**
Total liabilities & shareholders' equity	**2,667.4**	**2,486.6**

Consolidated Statement of Cash Flow

All figures in EGP mn	30 June 2020	30 June 2019
Cash flow from operating activities:		
Profit before tax	141.3	143.5
Adjustments for:		
Depreciation	40.2	29.7
Allowance for impairment of current assets	25.6	40.9
Provision	(0.0)	(2.4)
Capital gain/Loss	(0.7)	(0.3)
Credit / Debit Interest	(31.0)	(52.7)
Changes in current tax liability	(82.8)	(84.0)
Share-based payments financial liabilities	7.8	53.3
Operating profits before changes in assets and liabilities	**100.3**	**128.0**
Changes in working capital:		
Changes in Inventories	(13.8)	(4.6)
Change in trade receivables, debtors, and other debit balances	(7.1)	(84.9)
Changes in Due from related parties	1.5	1.7
Change in trade and other payables	(19.2)	25.5
Change in trade and other payables	(136.8)	-
Net cash flows generated from operating activities	**(75.2)**	**65.8**
Cash flow from investment activities:		
Proceeds from sale of fixed assets	0.7	0.6
Payments for purchase of fixed assets	(37.3)	(29.7)
PUC purchased	(121.2)	(66.6)
Advanced payments for purchase of fixed assets	(37.8)	(70.2)
Payments for acquisition of a subsidiary, net cash acquired	(6.6)	(25.0)
Payments under investment	(35.5)	-
Credit interest collected	34.0	55.6
Time deposits with maturity more than 3 months	50.1	-
Net cash flow from investment activities	**(153.8)**	**(135.4)**
Cash flow from financing activities:		
Proceeds from Minority Share in Subsidiary Cap Increase	-	-
Dividends Paid	(48.9)	(31.9)
Repayment of borrowings	-	(95.1)
Cash proceed from overdraft		53.9
Cash paid to overdraft		(43.9)
Interest paid	(1.2)	(15.4)
Net cash flow from financing activities	**(50.0)**	**(132.4)**
Net change in cash & cash equivalents during the period	**(279.0)**	**(202.0)**
Cash and cash equivalents at the beginning of the period	791.1	953.4
Cash and cash equivalent in acquired subsidiaries at beginning of period	-	0.6
Cash & cash equivalents at the end of the period	**512.3**	**752.0**