Cairo, Egypt | 23 May 2017

Cleopatra Hospitals Group Reports 1Q2017 Results

1Q2017 Financial and Operational Highlights[1]

EGP 262.1 million Total Consolidated Revenue	EGP 61.8 million Adj. EBITDA (24% margin)
EGP 29.1 million Net Income (11%margin)	+240,000 Cases Served

Cairo, 23 May 2017

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 quarter ending 31 March 2017, delivering 24% year-on-year growth in revenues to EGP 262.1 million despite the continued impact on the healthcare market of high inflation after the November 2016 float of the Egyptian pound.

Notably, revenue growth for the quarter was largely price-driven, as the group's superior reputation for quality healthcare and patient safety saw consumers rapidly adapt to the Group's new pricing. The rollout late in the quarter of the group's revenue-retention and margin-enhancement initiative will build on this foundation going forward. The largest contributor to Group revenues in 1Q17 was Cleopatra Hospital at (43%), followed by Cairo Specialised Hospital (22%), Nile Badrawi Hospital (18%) and Al Shorouk Hospital (17%).

Commenting on Cleopatra Hospitals Group's performance during 1Q2017, Chief Executive Officer Ahmed Ezzeldin said: "Our performance in the first quarter reflects our ongoing strategy of positioning Cleopatra Hospitals Group as the leading provider of high-quality healthcare services in the market. We continued to deliver on our strategy of building a fully-integrated operation to seamlessly deliver healthcare services, ensuring that our patients benefit from a high-quality one-stop-shop service that focuses on quality of outcomes. We are also pushing through a multi-pronged strategy focused on improved diagnostics and pharmacy revenue retention within the Group allowing us to continue driving top-line growth and margins across the group's present and expansion facilities. At the same time as we focus on revenue growth, management is working hard to protect and enhance the Group's margins through a set of interdependent initiatives, all while continuously focusing on patient safety and medical quality enhancement."

At the gross profit level, the Group maintained profitability despite the sharp inflationary pressure that now prevails in Egypt. Gross profit for the quarter was EGP 81.3 million, up 20% y-o-y with a gross profit margin of 31% against 32% in the same period last year. Cleopatra Hospital Group's multi-asset, integrated operating platform allows it to deliver cost efficiencies across the supply chain by leveraging its scale to secure favourable cross-asset procurement programs. Additionally, a strong emphasis on cost control

[1]EBITDA, Earnings before Interest, Tax, Depreciation and Amortization adjusted for provisions, impairments and management's long-term incentive program (a non-cash charge linked to share price appreciation and EBITDA growth and with a four-year vesting period maturing by 30 June, 2020, after which the sums will be disbursed), and excluding contributions from other income. Cases served includes number of in-patients, outpatient visits and ER visits.

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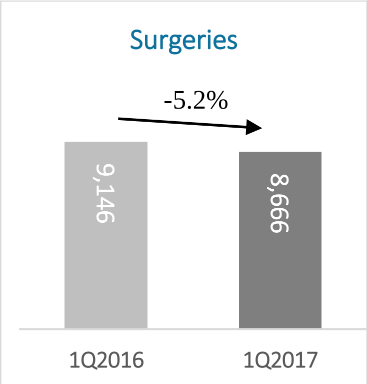
allowed the company to deliver an 18% y-o-y growth in EBITDA to EGP 61.8 million — a 24% margin — while net income increased 29% y-o-y in 1Q17 to EGP 29.1 million as management maintained net profit margin at 11%.

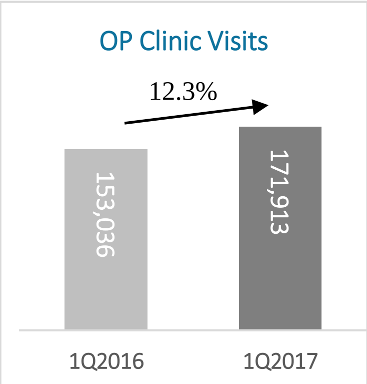
"In this quarter we have made significant progress focusing on our four value creation pillars: a) **investing in our infrastructure, patient safety and medical technology**, with renovations at Nile Badrawi and Al Shorouk Hospitals on track and medical technology upgrades across the hospitals in full swing, which are expected to improve patient throughput and quality improvements, including a state of the art catheterization laboratory to shortly be operational at Cleopatra Hospital; b) **optimizing cost structure and working capital efficiencies across the Group,** improving margins by extracting synergies from economies of scale in core and ancillary services; c) **progress on expanding our hospital network**, including one Cairo-based operating hospital acquisition in documentation stage, a brownfield, 200-bed hospital in Upper Egypt and Al Shorouk hospital extension in the feasibility study stage, and the signing of a lease for our flagship polyclinic project in East Cairo expected to open in 3Q17; and d) **continuing to invest in our stakeholders,** including a number of Group-wide physician conferences and the launch of our unified branding across all four hospitals and associated marketing campaign," Ezzeldin said. "Our ultimate goal is to become the primary choice for reliable healthcare services and clinical outcomes in Egypt," he added.

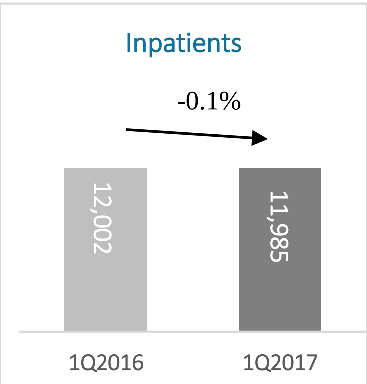
Heading into the second half of the year, management will continue to push forward with initiatives to enhance its cross-asset business model and drive top-line growth, while benefiting from the run-rate effect of price increases completed in late 1Q17. A key initiative is the roll-out of fixed-price surgery package bundles to help our insurance stakeholders manage total cost of treatment without sacrificing on the quality of patient outcomes. In addition, we are focused on clear communication of pricing and value proposition to consumers — an initiative that is already driving volume recovery in April 2017 despite the second quarter typically being the slowest quarter of the year. Other initiatives include the ongoing development and implementation of unified standard operating procedures; increased cooperation with key corporate and insurance stakeholders as they themselves face inflationary pressure; and instilling a common group culture through the continued implementation of the change management program "One Cleopatra." The Group is also in the process of rolling out management and medical career tracks to aid career growth and help build employee loyalty across the Group.

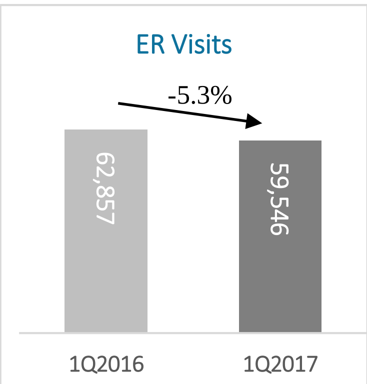
"Smaller players and standalone facilities are struggling in the current high-inflation environment that is accelerating the re-shaping of the nation's healthcare industry. That re-shaping will be a long process, and we are now locking-in first-mover advantage through the careful-but-accelerated rollout of our strategy; the excellence of our assets; and our high-quality network of physicians and allied healthcare partners. Our goal is to continuously deliver high-quality medical services in Egypt focused on quality of medical outcomes and patient safety as we build Egypt's first truly national healthcare network," Ezzeldin concluded.

—Ends—









Operational Review

During the first quarter of the year, Cleopatra Hospitals Group focused on several key initiatives aimed at improving revenue retention within the group as well as extracting additional revenue from ancillary services. Initiatives in the first quarter included:

- Establishing clear patient referral pathways within the group to enhance patient safety and capture more revenue opportunities per patient;
- Outreach to consulting physicians with hospital privileges within the Group to maximize Cleopatra's share of their business;
- Rolling-out the new Cleopatra Club for physicians, an education and expertise-sharing program that aims to streamline communication of the Group's services and developments to our consultants while instilling Group loyalty among these core physicians and leveraging their expertise across various Group committees;
- Enhancing the application of clinical pharmacy by leveraging Cleopatra Group's Drug Formulary initiative that aims to deliver higher quality as well as improve margins and marketability of pharmaceutical offerings;
- And the continued leveraging of our partnerships with international technology providers and insurance partners.

This strategy helped the Group deliver top-line growth despite a dip in volumes for medical cold cases. Management views this decline as a one-off consequence of the increase in pricing for procedures. At the same time, monthly contributions from the Group's pharmaceutical offerings were up by over 50% year-on-year in 1Q17, while utilization of the newly inaugurated radiology center is advancing at a faster pace.

Other key operational developments and milestones in the quarter included:

Business Development Initiatives

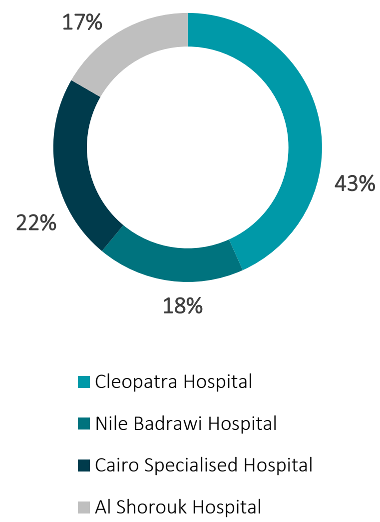
Following the establishment of a new central sales function in 4Q16, the first quarter of the current year saw the Group restructure the division's reporting lines to allow for better communication and increased awareness about services offered within the Group. The function is already delivering on improving service packaging and was successful in standardizing pricing for consumables, pathology and radiology services across all hospitals.

The Group is also exploring a project with PricewaterhouseCoopers (PwC) that aims to promote increased working capital enhancement on the finance and supply chain fronts. Key aspects of the program include code standardization for over 50,000 medical and pharmaceutical consumables — an initiative that will deliver significant cost savings down the road. The program follows the Group's strategic decision to free-float the price of all consumables to hedge against cost volatility and implement a cost-plus method. Together with the code-standardization initiative, these efforts support the creation of a cross-asset integration groups to set purchasing and common standards and that involve heads of departments across the Group's four hospitals.

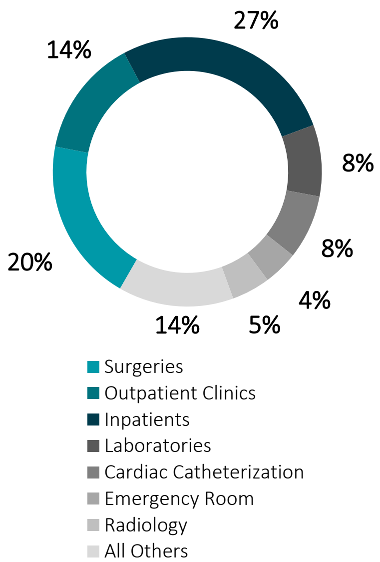
Meanwhile, ongoing efforts to promote the Group's new "umbrella brand" and its new corporate identity included the launch a new website, the roll-out of several marketing and brand launch campaigns on social media channels, and the development of new identity material and branding across the Group's four hospitals.

Medical Tourism
The Group is making important progress on the development of a foreign-currency revenue stream with its soon-to-launch medical tourism program. Cleopatra Hospitals

Revenue by Hospital (1Q17)



Revenue by Segment (1Q17)



Group is approaching Qatari and United Arab Emirates insurance companies and discussions are underway with the United Kingdom's National Health Service (NHS).

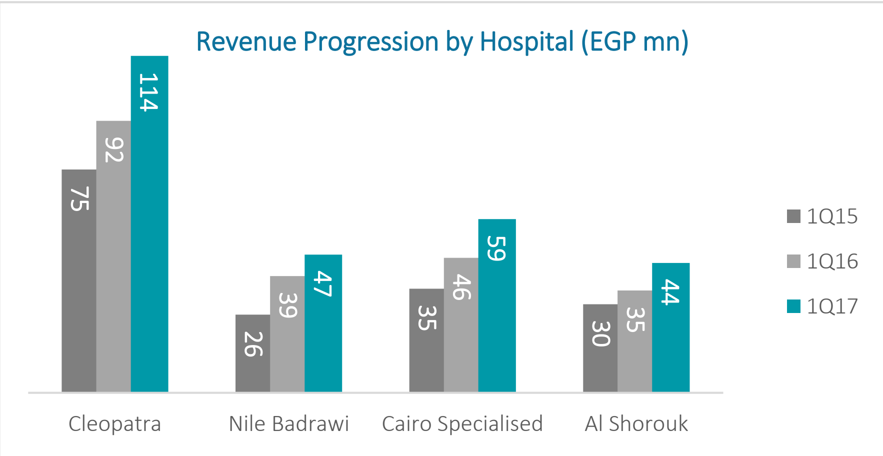
Other Ongoing Initiatives

The Group continues to make progress on implementing unified standard operating procedures (SoPs) as well as implementing unified information technology policies and systems, including ERP systems for both back- and front-end operations. Additionally, the Group is now operating from unified SoPs and reporting tools for its finance function and has standardised its revenue and cost recognition principles. Meanwhile, Cleopatra Hospitals Group hired Ernst & Young to undertake a Group-wide internal audit review, with recommendations on risk assessment, HR, supply chain, information technology and finance already in the implementation phase. The internal audit function team is responsible for presenting to the audit committee a detailed plan covering all major activities, including compliance, risk assessment and management.

Financial Review

Consolidated revenues in 1Q17 came in at EGP 262.1 million, up 24% y-o-y on the back of higher revenues from inpatient clients (+36%) and surgeries (+21%), with both segments contributing some 53% to revenue growth in absolute terms. The improved performance across both segments was primarily price-driven as customers rapidly adapted to the Group's new pricing thanks to its reputation for quality and patient safety. Meanwhile, efforts to improve revenue retention within the Group and extract additional revenue from ancillary services saw contributions for radiology services increase 37% y-o-y to EGP 12.2 million and laboratories record EGP 22.6 million in 1Q17, up 31% y-o-y.

The largest contributor to Group revenues in 1Q17 was Cleopatra Hospital at (43%), followed by Cairo Specialised Hospital (22%), Nile Badrawi Hospital (18%) and Al Shorouk Hospital (17%).



Cost of goods sold posted EGP 180.8 million in 1Q17 and recorded a COGS/sales ratio of 68.9%, up only one percentage point versus the 67.8% recorded in 1Q16 despite the severe inflationary pressures on the Group's cost base. Management controlled costs through a set of interdependent initiatives, namely capitalizing on the Group's favourable cross-asset procurement programs for medical consumables and pharmaceuticals. Constituting the largest component to COGS, cost of medical supplies increased at a slower rate than revenue growth and below the prevailing inflation rates (c.30%) to record EGP 57.6 million 1Q17, up 18% y-o-y. Similarly, payments to consulting physicians grew at a rate slower than revenues and inflation, up 19% y-o-y, on the back of higher contributions from private cases and the increasing revenue contribution from higher-margin services with no related consultant fees. Meanwhile, salaries and wages for medical staff recorded a 42% y-o-y increase in 1Q17 to EGP 45.9 million. The increase was driven by a higher headcount (as the Group restructures its organizational chart and recruits high-calibre professionals to fill necessary management positions); an increase in salaries; and the unification of HR policies across the Group's assets.

Management's ability to control costs in-line with revenue growth and amidst an inflationary environment saw it carry top-line gains to its gross profit, which recorded EGP 81.3 million in 1Q17, up 20% y-o-y and yielding a healthy gross profit margin of 31% compared to 32% in 1Q16.

General and administrative (G&A) expenses include the company's non-medical staff costs, including those of senior management and group-level professional consulting fees. Total G&A spending in 1Q17 stood at EGP 38.7 million, up 55% y-o-y with staff costs constituting 48% of total G&A at EGP 18.7 million. The increase came on the back of higher salaries and the rollout of the Group's Long Term Incentive Program (LTIP) — a non-cash charge linked to share price appreciation and EBITDA growth and with a four-year vesting period maturing by 30 June, 2020, after which the sums will be disbursed. Management views its LTIP as a key pillar for retaining valuable talent and driving long-term sustainable growth. Meanwhile, the Group booked EGP 4.4 million in impairments related to the continued clean-up of old receivables balances. Overall, G&A/sales recorded 14.7% in 1Q17 compared to 12.0% in the same period last year.

Increased G&A costs saw ***EBIT / operating profit*** decline 6% y-o-y to EGP 41.0 million, recording an EBIT margin of 16%. Nevertheless, the Group's ***EBITDA*** posted an 18% y-o-y increase to EGP 61.8 million, with EBITDA margin supported at a healthy 24% compared to 25% in 1Q16. Group EBITDA was adjusted for the non-cash charge related to the LTIP.

The Group booked EGP 13.5 million in interest income on its IPO proceeds in 1Q17, a non-recurring gain as the Group accelerates utilization to deliver on its expansion program. ***Net income*** for the quarter recorded EGP 29.1 million, up 29% y-o-y and with net profit margin maintained at 11%.

RECENT CORPORATE DEVELOPMENTS

HUMAN RESOURCES

The Group continued to build its organizational structure and fill-in key senior management positions, promoting Dr.Moharam El-Badawy to ***Group Chief Operating Officer*** from his previous position as managing director of Al-Shorouk Hospital. Prior to joining the Group in June 2016, Dr. El-Badawy was previously the Professor of Radio Diagnosis at the National Cancer Institute, a position held for over 30 years before heading the department for nine years. He was previously a member of the board of the Radio Diagnosis Department at Daghastani Hospital in Saudi Arabia and is a current member of European, North American and Egyptian radiology and nuclear medicine societies**.**

Meanwhile, on the training and development front, management continues to extend various training and development programs to the Group's staff including top and middle management as well as the nursing and patient-facing employees. In 1Q17, the Human Resources department launched the Finance for Non-Finance program aimed at improving managers' understanding of how their decisions impact the Group's daily results. Additionally, the Group continued its Patient's VOICE program launched in 2016 and is now extending it to all patient-facing employees. Patient's VOICE is a world-class healthcare services culture program aimed at improving patient satisfaction and referrals, employee satisfaction and retention, and promotes best-in-class quality and safety practices. Finally, the Group continues to implement its nurses training program in cooperation with Badr University with the aim of unifying a theoretical and practical platform of knowledge for all nurses across the Group's hospitals.

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ABOUT CLEOPATRA HOSPITALS GROUP S.A.E.

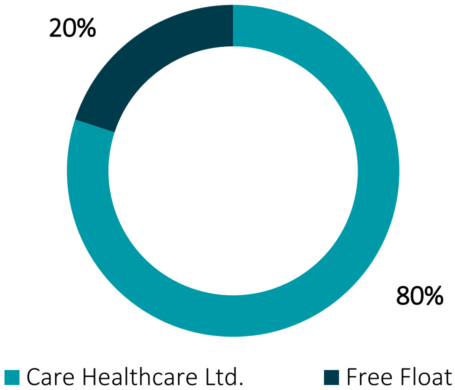
The Group is the largest private hospital group in Egypt by number of hospital beds and number of operating hospitals. The Company holds majority stakes in four leading hospitals in the Greater Cairo Area: Cleopatra Hospital, Cairo Specialized Hospital, Nile Badrawi Hospital and Al Shorouk Hospital, offering a full array of general and emergency healthcare services.

Shareholder Information

EGX: CLHO.CA
Listed: June 2016
Shares Outstanding: 200 million

Shareholder Structure

(as of March 2017)



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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, 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	1Q2016	1Q2017	*% change*
Revenues	211.1	262.1	*24%*
Cost of sales	(143.1)	(180.8)	*26%*
Gross profit	**68.0**	**81.3**	***20%***
Gross Profit Margin	*32%*	*31%*	
General & administrative expenses	(25.0)	(38.7)	*55%*
Provisions	(1.0)	(2.8)	*185%*
Other income	1.4	1.2	*-15%*
EBIT	**43.4**	**41.0**	***-6%***
EBIT Margin	*21%*	*16%*	
Interest income	2.5	13.5	*435%*
Interest expense	(14.1)	(16.8)	*19%*
Profit before tax	**31.8**	**37.7**	***19%***
PBT Margin	*15%*	*14%*	
Income tax	(9.2)	(9.4)	*2%*
Deferred tax	(0.1)	0.8	*-1321%*
Net profit after tax	**22.5**	**29.1**	***29%***
Net Profit Margin	*11%*	*11%*	
Distributed as follows:			
Shareholders of the company	19.1	25.2	*32%*
Minority rights	3.5	3.9	*13%*
Profit for the period	**22.5**	**29.1**	***29%***

Consolidated Statement of Comprehensive Income

All figures in EGP mn	1Q2016	1Q2017	*% change*
Net Profit	22.5	29.1	*29%*
Other comprehensive income	-	-	
Total comprehensive income for the year	**22.5**	**29.1**	***29%***
Total comprehensive income attributable to:			
Owners of the company	19.1	25.2	*32%*
Non-controlling interest	3.5	3.9	*13%*
Total comprehensive income for the year	**22.5**	**29.1**	***29%***

Consolidated Statement of Financial Position

All figures in EGP mn	31 December 2016	31 March 2017
Non-current assets		
Fixed assets	396.7	407.6
Intangible assets	246.4	245.0
Total non-current assets	**643.1**	**652.6**
Current assets		
Investments held to maturity	-	-
Inventory	46.1	52.0
Accounts receivables	125.9	146.0
Other receivables and debit balances	25.6	54.4
Cash	439.6	434.4
Total current assets	**637.3**	**686.8**
Total assets	**1,280.4**	**1,339.4**
Equity		
Share capital	100.0	100.0
Reserves	298.0	298.0
Retained earnings	168.7	179.8
Equity attributable to the parent company	566.7	577.9
Non-controlling interest	43.8	47.3
Total equity	**610.5**	**625.2**
Non-current liabilities		
Long term debt - non-current portion	326.0	321.4
Share base payment	-	2.1
Deferred tax liability	60.0	59.2
Total non-current liabilities	**386.0**	**382.8**
Current liabilities		
Provisions	24.9	24.3
Creditors and other credit balances	175.2	210.5
CPLTD	52.2	57.7
Current Income tax	31.6	39.0
Total current liabilities	**283.9**	**331.4**
Total liabilities	**669.9**	**714.3**
Total Liabilities & shareholders' equity	**1,280.4**	**1,339.4**

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Consolidated Statement of Cash Flow

All figures in EGP mn	31 March 2016	31 March 2017
Cash flow from operating activities:		
Profit before tax	31.8	37.7
Adjustments for:		
Depreciation	7.0	7.5
Amortization of intangible assets	1.3	1.3
Impairments of receivables no longer required	(6.0)	(3.6)
Impairments of receivables	6.9	8.0
Trade receivables impairment – write off	(0.1)	(1.9)
Provision formed	1.1	3.2
Provision utilized	(0.1)	(3.4)
Provisions no longer required	(0.1)	(0.5)
Capital gain / loss	-	(0.1)
Interest payable	(2.5)	(13.5)
Interest and commissions	14.1	16.3
Paid income tax	-	(2.0)
Fixed assets write off	-	3.3
Employee long-term incentive plan	-	2.1
Operating Profits before changes in working capital	**53.4**	**54.4**
Changes in working capital:		
Change in inventory	(1.7)	(5.9)
Change in trade receivables	(17.5)	(22.5)
Change in debtors and other debit balances	(9.6)	(24.0)
Change in trade payables and other credit balances	8.3	4.9
Net cash flow from operating activities	**33.0**	**6.9**
Cash flow from investment activities:		
Proceeds from sale of fixed assets	-	0.2
Payments for purchase of fixed assets	(2.6)	(11.3)
PUC purchased	(1.9)	(10.5)
Payments to acquire subsidiaries, net of cash acquired	(215.1)	-
Interest received	2.5	8.7
Time deposits with maturity more than 3 month	(20.0)	8.1
Collected from housing bills	-	-
Net cash flow from investment activities	**(237.0)**	**(4.7)**
Cash flow from financing activities:		
Payment to increase share capital	-	-
Proceeds from borrowings	205.9	1.0
Interest paid	(0.3)	(0.3)
Share premium collected	-	-
Repayment of borrowings	-	-
Net cash flow from financing activities	**205.6**	**0.7**
Net change in cash & cash equivalents during the period	1.7	2.9
Cash & cash equivalents at the beginning of the period	47.0	44.4
Cash & cash equivalents at the end of the period	**48.7**	**47.3**