Cleopatra Hospitals Group Reports FY2020 Results

CHG delivers strong top- and bottom-line growth with robust margins in 2020 supported by a record-breaking fourth quarter which saw revenues surpass the EGP 600 million mark with a net profit margin of 19%; CHG continued delivery on its long-term strategic objectives ideally positions the Group to continue strong growth in 2021, firmly cementing its position as the leading provider of diversified healthcare in Egypt

4Q2020 Financial & Operational Highlights[1]

EGP **610.6** million
Total Revenue
(+19% y-o-y)

EGP **235.7** million
Gross Profit (+35% y-o-y)
(39% margin vs 34% in 4Q19)

EGP **115.6** million
Net Profit (+21% y-o-y)
(19% margin, unchanged vs 4Q19)

EGP **194.8** million
Adj. EBITDA[2]
(+27% y-o-y, 32% margin)
EBITDA[3]: +31% y-o-y, 31% margin

+271,074
Cases Served[4]
(+13% q-o-q)
(-6% y-o-y)

FY2020 Financial & Operational Highlights[1]

EGP **1,989.5** million
Total Revenue
(+11% y-o-y)

EGP **689.6** million
Gross Profit (+10% y-o-y)
(35% margin, unchanged vs FY19)

EGP **297.6** million
Net Profit (+12% y-o-y)
(15% margin, unchanged vs FY19)

EGP **539.6** million
Adj. EBITDA[2]
(+7% y-o-y, 27% margin)
EBITDA[3]: +10% y-o-y, 24% margin

EGP **0.15**
Earnings per Share
(EGP 0.14 in FY19)

+902,572
Cases Served[4]
(-11% y-o-y)

Cairo, 21 March 2021

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 and year ended 31 December 2020.

4Q/FY2020 Highlights

- **Strong revenue growth** on both a quarterly and yearly basis was supported by a sustained recovery in patient volumes following the COVID-19-related slowdown earlier in the year, improving utilization, and an increasingly optimised service mix. Revenues in both the third and fourth quarters of the year displayed strong and sustained recovery versus the second quarter of 2020, where COVID-19-related restrictions had impacted consolidated top-line.
- **Margins** in line with the Group's historical highs buoyed by management's wide-ranging cost control efforts. Most notably, gross profit margin expanded to a record 39% in 4Q2020.
- **Strong net profit growth** for the quarter and year supported by revenue growth and management's cost reduction and optimization strategy. These more than offset higher depreciation as the Group continues to invest in its infrastructure and materially lower interest income for the year versus 2019 following the CBE's multiple rate cuts throughout 2020.
- **Normalized net profit**, which excludes net interest income for the period, posted an impressive 30% and 24% growth in 4Q2020 and FY2020, respectively.

[1] Consolidated figures include the newly added East and West Cairo Polyclinics, Queens and El Katib Hospitals, as well as the newly added Bedaya IVF center.
[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.

- **El Katib and Queens Hospitals** continue to serve as COVID-19 isolation and treatment hospitals as the Group continues to record strong patient demand for the service. This has seen both facilities record growing revenues with healthy margins in line with Group's more established facilities.
- **Throughout 2020, despite the operational challenges posed by COVID-19, the Group continued to deliver on its long-term strategic priorities** of diversified revenue growth, quality enhancement, digitalisation, capacity expansion and optimisation, and integration.
- **CHG's Polyclinics, Diagnostics, Pharmacy, and other verticals** continue to witness impressive growth in line with management's diversification strategy.
- **In September, CHG signed two important deals opening up new opportunities for expansion** in both the fast-growing Assisted Reproductive Technology (ART) market, through the acquisition of Bedaya IVF centre, and in the underpenetrated facility management segment.
- **Bedaya**, CHG's new IVF venture, began contributing to the Group's consolidated results in the final quarter of 2020.
- In relation to the proposed acquisition and merger of operations with **Alameda Healthcare Group (AHG),** CHG filed for Egyptian Competition Authority (ECA) approval on March 9th.

Chief Executive's Review

2020 was a year full of unexpected challenges and operational difficulties resulting from the outbreak of the COVID-19 pandemic and the imposition of restrictive measures to limit its spread. **Against this backdrop, Cleopatra Hospitals Group's double-digit top- and bottom-line growth for the year demonstrates once more the strength and adaptability of our business model, the effectiveness of our multi-pronged COVID-19 response strategy, and the resilience of the Egyptian healthcare industry.** The impressive financial and operational performance we delivered in spite of the ongoing difficulties is a direct result of our continued efforts to build a sustainable, diversified and growth-oriented business ready to weather transitory challenges while continuing to invest in its long-term value generating capabilities.

Looking at our performance for the year, I am delighted to report that the Group recorded revenues of nearly EGP 2.0 billion in 2020, up 11% from last year supported by recovering volumes, improving utilization, and an increasingly optimised service mix. The impressive top-line growth, which was also partially supported by the strong momentum carried forward from 2019, is in line with our previous guidance of year-on-year revenue growth despite the unprecedented obstacles posed by the ongoing pandemic. The recovery in volumes in the second half of the year was supported by management's proactive multi-pronged response strategy which over the course of 2020 saw the Group rollout multiple initiatives targeted at driving up patient volumes. These included the transformation of El Katib and Queens Hospitals into COVID-19-treatment facilities, the rollout of several strategic marketing campaigns, and the launch of telemedicine and at-home medical services. In the last three months of 2020, we recorded a 13% quarter-on-quarter increase in total cases served, with the total for the second half of 2020 up 30% from cases served in the first six months of the year. While cases served in 2020 stood 11% below last year's figure, the strong traffic witnessed in the final months of the year is **further fuelling our confidence that a full recovery in patient volumes is imminent and we expect to see them return to their pre-crisis growth trajectory in the near future**. Management's efficiency enhancement efforts saw revenue growth trickle down the income statement with **the Group recording margins for the year in line with our historical averages**.

Our remarkable full-year performance was bolstered by a **record-breaking fourth quarter** which saw the Group surpass the EGP 600 million mark for the first time to record revenues of EGP 611 million in 4Q2020, up 19% from last year. Further down the income statement, gross profit expanded an impressive 35% year-on-year supported by management's cost control efforts which saw cost of goods sold as a percentage of sales decline five percentage points from last year. Consequently, gross profit margin for the quarter expanded to 39% in 4Q2020 from 34% in the same quarter a year ago. Finally, our bottom-line for the quarter broke the EGP 100 million mark to reach a record EGP 116 million, up 21% year-on-year and with an associated margin of 19%.

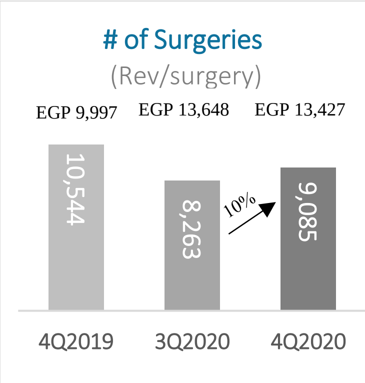
CHG's strength lies in our ability to leverage our flexible business model to deliver exceptional short-term results while never losing sight of our longer-term growth strategy. 2020 was no different as **we made significant progress on all our strategic priorities of diversified growth, quality enhancement, digitalisation, capacity expansion and optimisation, and integration.** In recent years, the Group has been increasingly focused on driving growth in all our diversified revenue streams to strengthen our presence in segments adjacent to our core Hospitals vertical. This has seen the roll out and successful ramp up of our two new polyclinics, the expansion of our pharmacy business, and the signing of multiple new agreements to venture into fast-growing and currently underpenetrated subsegments of the healthcare industry. In 2020, while **all our business lines including Hospitals, Polyclinics, Diagnostics, Pharmacy, and Home Services exhibited strong growth,** we also inked two important deals opening up new opportunities for expansion in both the fast-growing Assisted Reproductive Technology (ART) market and in the underpenetrated facility management segment. In line with our **quality and capacity enhancement strategy**, we completed the renovations of Nile Badrawi Hospital's tenth and eleventh floors which now feature 24 modern and fully equipped patient suites. We also pushed forward with the planned renovation works across our inpatient wards and hospital entrances, as well as mechanical, electrical and plumbing works across all facilities. On the **digital front**, our efforts were dually focused on digitalising our internal processes to drive further operational efficiencies while strengthening our digital service offering to best cater to patient needs in light of the ongoing COVID-19 pandemic. As at year-end 2020, we had rolled out our new Clinisys HIS/ERP system at Cleopatra Hospital, Cairo Specialised Hospital, Queens Hospitals, and the Group's East and West Cairo polyclinics. The system's launch at Al Shorouk and Nile Badrawi Hospitals was completed in early 2021 and a full transition to the new system is expected to take place during the coming year. In parallel, over the last twelve months **the Group launched several new digital services supported by its new CHG App.** The Group's enhanced digital service offering now includes consultations and follow ups through video call, online result delivery and appointment booking, as well as awareness webinars. The Group also completed the revamp of its revenue management cycle framework to enhance the quality of our claims collection procedure. This is evident in the lower impairments recorded versus last year, despite them taking into account an additional judgment overlay related to potential short-term turbulence in collections as a result of COVID-19. We expect impairments to fully normalise in 2021 supported by our restructuring efforts over the past two years and as the transitory impact of COVID-19 subsides.

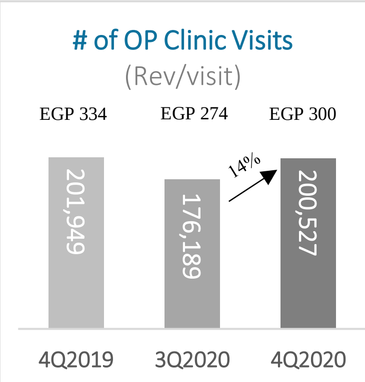
Although COVID-19-related difficulties continue to impact Egypt and many countries around the world, there are encouraging signs coming from the successful start of the global vaccination campaign, with Egypt having kicked off its campaign in January 2021, and a recovering global economy. Coupled with our strategic investments over the last two years, our established position in the industry, and our proven resilience and adaptability, **we enter the new year confident in our abilities to drive further growth in 2021 and strengthen our position as the leading provider of diversified healthcare in Egypt.** In the short-term, our focus will be on supporting the recovery in patient volumes through further enhancements to our service quality and depth, and the roll out of new strategic marketing campaigns. On this front, **both Queens and El Katib Hospitals will continue to operate COVID-19 treatment units over the coming months**, as we continue to record strong patient demand for this service. In parallel, we will continue to push forward on our longer-term strategic growth priorities. In the new year, we will work to further integrate the new business lines and assets into our established operational framework to drive efficiencies, strengthen referral networks and ensure a high and standardized level of care quality and service delivery across all CHG facilities. We also look forward to reaping the benefits of our digitalisation efforts with the completion of the roll out of the new Clinisys HIS/ERP system expected to drive improvements across all aspects of our operations from enhancements to our quality of care to a strengthening of our data, inventory management, and revenue cycle frameworks. As part of our efforts to broaden our service offering, we are currently formulating and implementing plans to **launch two new centres of excellence (CoE)** at El Katib and Queens Hospitals in the coming year. At El Katib, the Group is looking to launch its first respiratory-focused centre of excellence (CoE), while at Queens Hospital, management is working on the adjustments necessary for the facility to house the Group's new oncology CoE in East Cairo. Lastly, on the **capacity expansion front**, we will continue to work towards obtaining all the necessary permits at our new Beni Suef hospital, the Group's first facility outside Greater Cairo.

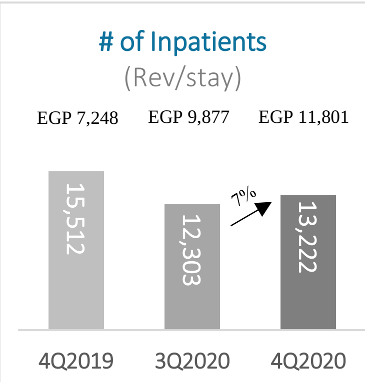
Finally, I would like to take this opportunity to **extend a sincere thank you and express my admiration for all my colleagues** who in spite of the great personal and professional difficulties faced in 2020, have continued to demonstrate incredible dedication and adaptability. This has allowed the Group to continue serving our patients at a time when high quality healthcare and patient care were of the upmost importance. I look forward to working by your side in the coming years as we continue to grow Cleopatra Hospitals Group, one satisfied patient at a time.

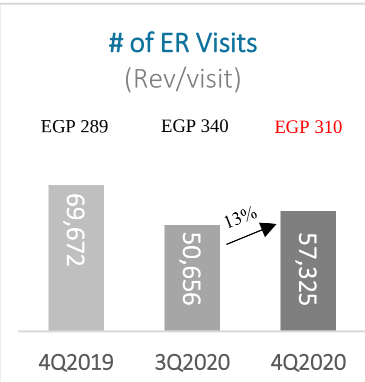
Ahmed Ezzeldin
CHG Chief Executive Officer

Cairo, Egypt | 21 March 2021









Growth Initiatives and Operational Review

Throughout 2020, the Group effectively mitigated the impacts of COVID-19 on its operations through the roll out of tailored health and safety and business continuity protocols combined with a swift adjustment to its service offering and delivery methods to best cater to patients' changing needs as the crisis evolved. The success of the Group's immediate COVID-19 response strategy allowed management to continue focusing on the Group's long-term growth plan, with CHG making significant progress across all its strategic growth pillars. These pillars, which management views as the drivers of future sustainable growth and value creation, include: **revenue stream growth and diversification, digitalisation, quality enhancement and asset integration, optimisation and expansion of capacity, and investment in human capital.**

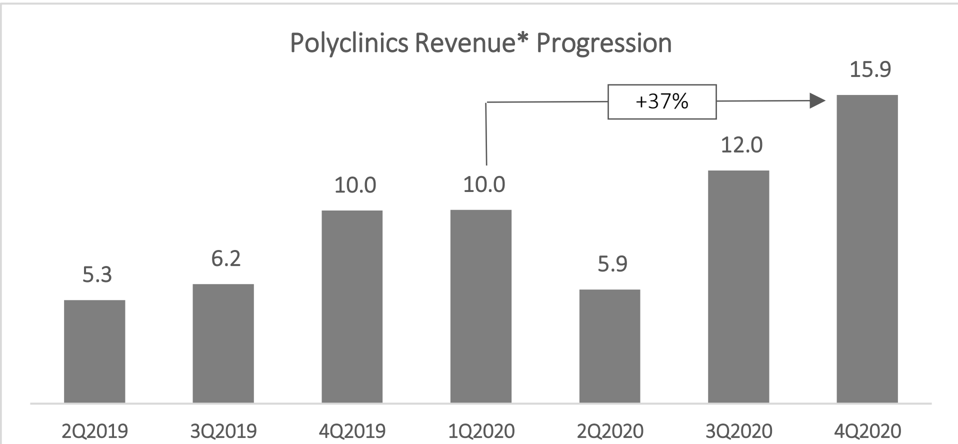
Revenue Stream Diversification

Throughout 2020, CHG's Polyclinics, Diagnostics, Pharmacy, and other verticals continued to witness impressive growth in line with management's diversification strategy. In parallel, the Group signed two key agreements to venture into new subsegments of the healthcare industry characterised by a strong growth profile and a relative underpenetration.

Polyclinics and Pharmacy

The ramp up of CHG's two new polyclinics progressed as scheduled in 2020, further supported by stronger-than-expected demand as patients looked for alternatives to traditional hospitals during the COVID-19 pandemic. As such, the Group's polyclinics vertical recorded revenues of EGP 43.8 million in 2020, more than double from the previous year, and generated around EGP 16 million in referrals to the Group's hospitals throughout the year. Moreover, in 2020 management successfully utilized the two polyclinics as a base from which to operate its new home-care service, which provided support to patients who are unable or unwilling to visit the Group's facilities in person. The new services also helped promote the CHG brand across new segments of the population.

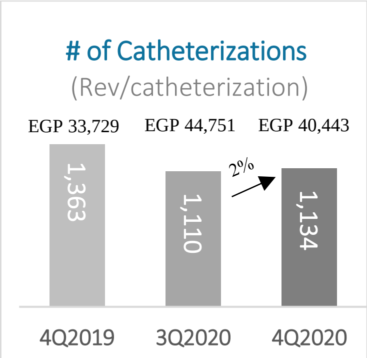
The Group's pharmacy business complements its polyclinics offering and allows the Group to serve its patients across the entire treatment cycle. The segment's growth is expected to be further supported by the newly rolled out Clinisys system which will allow for greater accessibility to patients.



*Includes revenue generated by CHG's East and West Cairo polyclinics and excludes revenue generated by CHG Pharma for each period.

Bedaya for Medical Services

In early September, CHG announced the signing of a Business Transfer Agreement (BTA) to transfer the assets and operations of Bedaya for Medical Services, Egypt's leading Assisted Reproductive Technology (ART) and fertility centre led by Dr. Ismail Aboul



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

All KPI figures 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).

Foutouh, to a joint venture held for 60% by Cleopatra Hospitals Group and for the remaining 40% by Dr. Aboul Foutouh. The transaction not only sees CHG add yet another service to its already wide-ranging roster, but also gain access to a scalable platform from which to further grow its presence in the fast-growing segment. To this end, management is currently working on the launch of Bedaya's first satellite clinic located within Nile Badrawi Hospital. It is important to note that Bedaya started to contribute to the Group's consolidated performance in 4Q2020.

Egyptian Healthcare Facilities Services (EHFS)

The Group also signed an agreement for the formation of a joint venture with Egypt's EFS Facilities Services (EFS) to create the Egyptian Healthcare Facilities Services (EHFS) company, the country's largest healthcare-dedicated facility management business. CHG, which owns 49% of the new entity (with the remaining 51% controlled by EFS), will outsource its noncore hospitality functions including security, cleaning, laundry, kitchen, and maintenance to EHFS. The new venture, which will be managed by EFS, will also offer its services to third parties with the ultimate goal of becoming the region's largest healthcare-dedicated facilities management services provider. The formation of a new entity to oversee the Group's hospitality functions is set to drive significant improvements in the quality of the services while further streamlining all aspects of CHG's day-to-day operations.

2021 Outlook

In the new year, the Group's focus will shift to smoothly integrating the new assets into CHG's operational model while continuing to make progress on its ramp up strategy across its newer lines of business. This is expected to help drive faster growth across all of CHG's revenue streams helping to deliver on the Group's diversification strategy and enhancing its resilience against potential future disruptions. In parallel, management expects to see significant contributions coming from organic growth at CHG's more established assets. On this front, growth is set to be supported by the increased integration resulting from the new Clinisys system, improving utilization on the back of management's service mix optimization efforts, increased referrals resulting coming from CHG's other revenue streams, and increased demand as CHG leverages its strengthened position in the market and its newly renovated facilities. In relation to the proposed acquisition and merger of operations with Alameda Healthcare Group (AHG), CHG filed for Egyptian Competition Authority (ECA) approval on March 9th.

Digitalisation

With digitalisation playing an increasingly important role in the healthcare industry, CHG has been actively working to lead the sector's transformation. This has seen the Group both increase its reliance on digital tools across its internal operations and enhance its digital service offering and delivery capabilities. The latter witnessed a strong acceleration in 2020 following the outbreak of the COVID-19 pandemic and its impacts on patient's ability and willingness to visit hospitals in person.

Clinisys

Throughout the year, the Group continued to make progress on the rollout of its Group-wide HIS/Enterprise Resource Planning (ERP) system. As at year-end 2020, the new Clinisys HIS/ERP system had been rolled out at Cleopatra Hospital, Cairo Specialised Hospital, Queens Hospitals, and the Group's East and West Cairo polyclinics. The roll out at Al Shorouk and Nile Badrawi Hospitals was completed in early 2021, with the full transition of all facilities expecting to take place in the upcoming year.

CHG App

The new CHG app was officially launched during the third quarter as part of the Group's strategy to enhance its digital offering. The app allows patients to book appointments, review diagnostics, and follow up on their medical cases from anywhere in the world through their smartphones. The app also gives patients the option to book home visits and outpatient consultations at the Group's polyclinics.

CHG Video Call

The Group is also using its app to operate its new telemedicine services including digital consultation and follow up appointments. This is only the latest digital service to be added to the Group's roster and since its launch has witnessed a robust rise in demand. CHG's telemedicine service leverages the Group's long-lasting relationship with its network of leading consultants and doctors to offer a wide variety of specialties covering all the most demanded ones.

2021 Outlook

Digitalisation will continue to feature front and central in CHG's strategy in the new year. While the Group will devote additional resources to further enhance its digital service offering, management is also eager to begin reaping the fruits of its internal digitalisation investments. With the roll out of Clinisys expected to be completed in 2021, the Group is looking forward to realising the full benefits of the increased integration derived from operating under a single system. Clinisys is already having material impacts on the Group's data management, storage capabilities, quality of care and on the overall patient experience. The new system also plays an important role in enhancing the Group's inventory management and purchasing processes, a particularly important function in light of the current global health and economic crisis. Finally, as a result of all medical records being stored digitally, CHG will now be able to identify new areas within its day-to-day operations where further efficiencies can be extracted. More specifically, the Group will look to further improve its internal referrals system, taking advantage of the increased data sharing capabilities that come with operating under Clinisys.

Optimisation and Expansion of Capacity (Facilities Updates)

El Katib and Queens Hospitals

Since May, the two facilities have served as the Group's COVID-19 treatment and isolation facilities, a decision taken to tackle the ongoing healthcare emergency and in response to growing demand from patients looking for a private healthcare option. Operating COVID-19 treatment units at the two hospitals has allowed CHG to maximise utilisation rates at the two facilities, while ensuring that the Group's six other facilities continue to operate safely.

Renovation Project

The Group continued to work on enhancing the quality of care and the overall patient experience across its facility network, through the continuation of the Group-wide renovation work that began in 2018. In 2020, CHG completed the renovation of Nile Badrawi Hospital's tenth and eleventh floors which now feature 24 modern and fully equipped patient suites. The Group also completed renovations across inpatient wards at both Cairo Specialised Hospital and Al Shorouk Hospital, with both facilities now boasting new executive floors. CHG also completed a total overhaul of Cleopatra Hospital's and Cairo Specialised Hospital's main entrances. In parallel, the Group also pushed forward with the planned mechanical, electrical and plumbing works across all facilities.

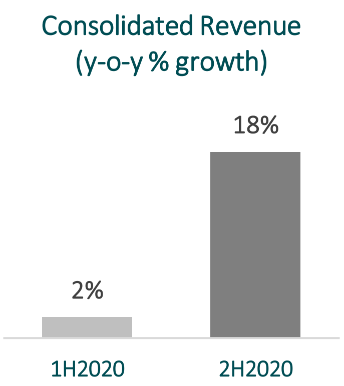
Beni Suef

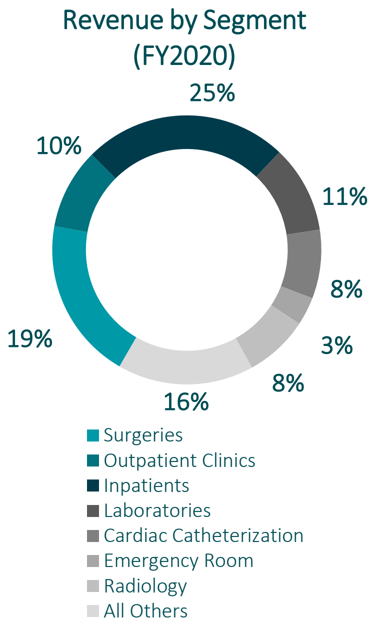
Although management opted to defer a significant part of the planned expenditure and renovation works for 2020 to the following year, the Group made significant progress on the administrative side with its partners on the project, Nahda University for Education and Management S.A.E and Taaleem for Management Services S.A.E. 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 facility will also house a teaching section dedicated to Nahda University's faculty of medicine. In the coming period, management will work to obtain all necessary permits for the next phase of the new hospital's renovation.

2021 Outlook

Both Queens and El Katib Hospitals will continue to operate COVID-19 treatment units over the coming months. However, management is currently devising and beginning to implement plans to broaden the facilities' service offering going forward. El Katib Hospital will house the Group's first respiratory-focused centre of excellence (CoE). Meanwhile at Queens Hospital, management is working on the adjustments necessary for the facility to house the Group's new oncology CoE in east Cairo. The new CoE will feature brand new state-of-the-art oncology-focused equipment and cover all subspecialties under the oncology umbrella. The new oncology CoE is set to launch within the coming year. Finally, on the renovation front, the Group is looking to complete the ongoing revamp works across its inpatient wards in the coming year while making full use of its newly launched executive floor at Nile Badrawi Hospital.

Financial Review

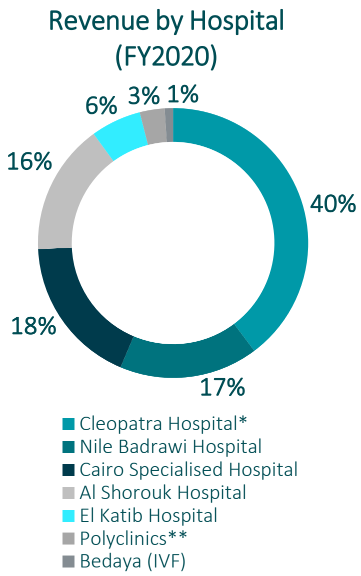




Revenues

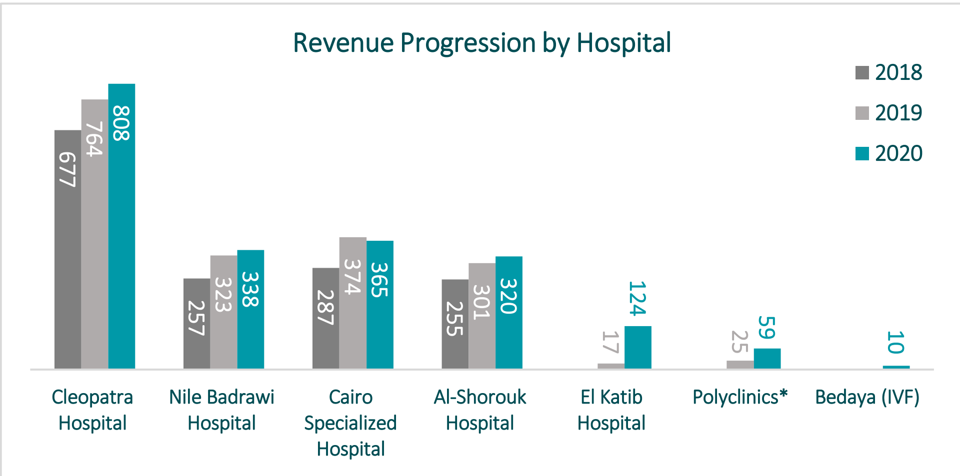
Consolidated revenues increased 11% y-o-y to EGP 1,989.5 million in FY2020 supported by recovering volumes, favourable pricing, and an increasingly optimised service mix. On a by service basis, the largest contribution continued to come from the Group's inpatient services which recorded a 19% y-o-y rise in revenues for the year and made up 25% of the Group's consolidated top-line. The growth versus last year continues to be in part supported by the two COVID-19 treatment hospitals with most patients visiting the two facilities requiring inpatient care. Despite only posting a 3% y-o-y rise in revenues, surgeries contributed to the second largest share of consolidate revenues for the year at 19%. The segment's revenue growth came on the back of an increasingly optimised case mix, improving utilization and favourable pricing, which offset a 23% y-o-y fall in the number of surgeries performed in FY2020. It is important to note that while surgeries performed remain below last year's figure, in the fourth quarter of 2020 surgeries performed increased 10% q-o-q, testament to the gradual recovery in volumes following a COVID-19-related slowdown earlier in the year. Moreover, the Group reported a 34% y-o-y rise in average revenue per surgery as a result of CHG performing increasingly complex surgeries across its hospitals. The Group's laboratory services posted an impressive 28% y-o-y growth in revenues in FY2020, contributing to 11% of consolidated top-line for the year. The segment's impressive growth is directly in line with CHG's diversification strategy which has seen management devote increasing focus to developing the Group's other revenue streams including diagnostics, pharmacy, and polyclinics. The Group's outpatient services contributed to 10% of consolidate revenues in FY2020, following a 15% y-o-y fall in the segment's revenues for the year. The fall in outpatient revenue per patient for the year comes as patients opted to postpone non-essential outpatient procedures and consultations earlier in the year in light of the COVID-19 pandemic, combined with the Group's strategy to focus on referrals and utilization from the outpatient clinics and polyclinics without significant price increases. However, it is important to note that as the year progressed and restrictions related to COVID-19 were lifted, outpatient volumes witnessed a rapid normalization and in 4Q2020 stood just 1% below last year's figure. The efforts to grow the Group's diagnostic vertical saw CHG's radiology segment record the fastest year-on-year revenue growth rate across all segments at 55%, with its contribution to consolidated top-line rising to 8% FY2020 from 6% last year. Finally, revenues from catherization services increased 10% compared to FY2019, 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 stood at 8% for the year.

On a quarterly basis, revenues reached an all-time high in 4Q2020, expanding 19% y-o-y and surpassing the EGP 600 million mark to record EGP 610.6 million. In the fourth quarter of 2020, total cases served continued on their path to full normalization, increasing 13% q-o-q and coming in just 6% below last year's figure. On a segmental basis, while volumes across all segments remained below last year's fourth quarter figures, revenues at the inpatient, surgery and laboratory segments posted impressive year-on-year growth of 39%, 16% and 37%, respectively.



**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)*

On a per hospital basis, Cleopatra Hospital, which includes revenues of around EGP 60 million generated by Queens Hospital, recorded a 6% y-o-y rise in revenues in FY2020, with its contribution to consolidated top-line standing at 40% for the year. While Cleopatra Hospital continues to make the largest contribution to total revenue, this year's share was the lowest of record, proof positive of the effectiveness of management's diversification efforts. In the year, revenues generated by Queens Hospital expanded 340% year-on-year to record EGP 60 million in FY2020 up from EGP 14 million last year, supported by the facility's revamp strategy, which kicked off post-acquisition in 2019, as well as the Group's strategic decision to transform the facility into a COVID-19 isolation and treatment centre. All three of CHG's other more established facilities witnessed marginal decreases in their contributions to consolidated top-line for the year. Cairo Specialized Hospital ("CSH") made an 18% contribution to total revenues in FY2020, Nile Badrawi Hospital ("NBH") saw its contribution come in at 17% for the year, while Al Shorouk Hospital "ASH" contributed to 16% of consolidated revenues during FY2020. El Katib Hospital's contribution stood at 6% for the year, as the facility's top-line was further supported by its transformation into a COVID-19-dedicated facility. The Group's East and West Cairo Polyclinics contributed to 3% of total revenues in FY2020. Finally, CHG's new IVF venture, Bedaya, contributed to 1% of consolidated revenues in FY2020, despite the Group only taking over the centre's operations in the final quarter of the year.



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

COGS

Cost of goods sold for the year reached EGP 1,300.0 million, an increase of 11% versus the previous year. However, the Group's COGS/sales ratio stood unchanged at 65% in FY2020 versus the previous year. Medical supplies, which increased 11% y-o-y in FY2020, made up the largest share of total COGS for the year at 30%. The year-on-year increase in medical supplies costs is in part attributable to additional expenses incurred by the Group for purchases of additional PPE in light of the COVID-19 outbreak earlier in the year. Salaries and wages made the second largest contribution to consolidated COGS at 28% having increased 16% from the previous year. Finally, the Group's consulting physician fees for the year increased just 1% y-o-y with its contribution to total COGS declining to 25% in FY2020. It is noteworthy to mention that as CHG management continues to implement wide-ranging cost control initiatives, the Group has seen a decline in both its medical supplies/sales ratio and its consulting fees/sales ratio. The first declined to 19% in FY2020 from 20% last year, while the second decreased to 16% in FY2020 from 18% last year. In 4Q2020, COGS increased 11% y-o-y to EGP 374.8 million. Management's extensive efforts to maintain a tight rein on costs is even more evident on a quarterly basis with the Group's COGS/sales ratio in 4Q2020 declining to 61% from 66% in the same three months a year ago.

Gross Profit

Gross profit for the year expanded 10% y-o-y to EGP 689.6 million. Strong revenue growth combined with management's efficiency enhancement strategy saw the Group's gross profit margin return to its historical averages, recording 35% in FY2020, unchanged from last year. On a by hospital basis, Cleopatra Hospital, which continues to include Queens Hospital's results, made up exactly half of the Group's gross profit for the year, with its contribution unchanged versus the previous year. CSH contributed to 16% of consolidated gross profit followed by NBH at 14% and ASH at 13%. El Katib Hospital's contribution to consolidated gross profit for the year stood at 7%, with the hospital's gross profit margin for FY2020 standing at a healthy 36%. On a quarterly basis, gross profit expanded an impressive 35% y-o-y to reach EGP 235.7 million with an associated margin of 39% versus 34% in 4Q2019.

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 9% y-o-y in FY2020 to EGP 308.9 million. On a quarterly basis, G&A expenses were up 24% y-o-y to EGP 80.7 million.

The year-on-year decrease witnessed in FY2020 is largely attributable to a decrease in the accrued non-cash LTIP expense for the year. In FY2019, LTIP-related expenses amounted to EGP 83.8 million, versus the significantly lower EGP 7.8 million figure recorded in FY2020. The decline was also supported by lower impairments booked in FY2020, a direct result of our work to enhance and strengthen our revenue cycle management framework. Impairments in FY2020 decreased to EGP 52.5 million from EGP 58.6 million last year. It is important to note that impairments take into account an additional judgment overlay related to potential short-term turbulence in collections as a result of COVID-19. During the year, CHG also booked EGP 24.7 million in provisions versus EGP 7.4 million booked last year. The increase is largely attributable one-time redundancy costs related to the outsourcing of certain facility management and administrative jobs.

EBITDA

CHG's adjusted EBITDA, factoring out acquisition expenses, impairments, the LTIP's non-cash charge, pre-operating expenses and contributions from other income, expanded a solid 7% y-o-y in FY2020 to EGP 539.6 million, with an associated margin of 27% versus 28% last year. Without adjusting for impairments, EBITDA recorded a 10% y-o-y expansion with an associated margin of 24% versus 25% in FY2019. On a quarterly basis, adjusted EBITDA expanded an impressive 27% y-o-y with an associated margin of 32% versus 30% last year. Without adjusting for impairments, EBITDA in 4Q2020 would be up 31% y-o-y with a three-percentage point increase in its associated margin to 31% for the quarter.

Net Profit

GHC's consolidated net profit expanded 12% y-o-y in FY2020 to record EGP 297.6 million. Net profit margin stood unchanged from the previous year at 15%. Net profit growth came on the back of revenue growth for the year, the Group's continued cost control efforts, and lower LTIP-related expenses versus last year. This more than offset higher depreciation as the Group continues to invest in its infrastructure and materially lower interest income for the year versus 2019 following the CBE's multiple rate cuts throughout 2020. On a quarterly basis, net profit stood at EGP 115.6 million, up an impressive 21% y-o-y with a NPM of 19% in 4Q2020 versus 19% last year. This is the highest net profit ever recorded by the Group for a single quarter and marks the first time that a single quarter's net profit has surpassed the EGP 100 million mark. Normalised net profit, which excludes net interest income for the period, posted a solid 24% y-o-y rise in FY 2020 and a 30% y-o-y increase on a quarterly basis.

CAPEX

Total CAPEX outlays stood at EGP 408 million as at year-end 2020 including down payments for CAPEX purchases not yet delivered.

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

Shareholder Structure

(as of 31 December 2020)

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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 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	4Q2020	4Q2019	% change	FY2020	FY2019	% change
Revenues	610.6	511.1	*19%*	1,989.5	1,798.1	*11%*
Cost of sales	(374.8)	(337.1)	*11%*	(1,300.0)	(1,172.7)	*11%*
Gross profit	**235.7**	**174.0**	***35%***	**689.6**	**625.5**	***10%***
Gross Profit Margin	*39%*	*34%*		*35%*	*35%*	
General & administrative expenses	(80.7)	(65.0)	*24%*	(308.9)	(338.0)	*-9%*
Cost of acquisition activities	(8.6)	(1.8)	*365%*	(13.2)	(6.3)	*109%*
Provisions	(10.2)	(6.0)	*70%*	(24.7)	(7.4)	*231%*
Other income	0.6	4.3	*-87%*	6.7	10.7	*-38%*
Pre-Operating Expenses	0.0	0.0	*N/A*	0.0	(3.4)	*N/A*
EBIT	**136.9**	**105.4**	***30%***	**349.5**	**281.1**	***24%***
EBIT Margin	*22%*	*21%*		*18%*	*16%*	
Interest income	8.0	21.4	*-63%*	49.1	93.3	*-47%*
Interest expense	(0.5)	(1.1)	*-53%*	(2.4)	(6.9)	*-64%*
Profit before tax	**144.4**	**125.8**	***15%***	**396.2**	**367.5**	***8%***
PBT Margin	*24%*	*25%*		*20%*	*20%*	
Income tax	(26.4)	(25.5)	*3%*	(95.5)	(94.3)	*1%*
Deferred tax	(2.3)	(4.9)	*-52%*	(3.1)	(7.9)	*-61%*
Net profit after tax	**115.6**	**95.4**	***21%***	**297.6**	**265.4**	***12%***
Net Profit Margin	*19%*	*19%*		*15%*	*15%*	
Distributed as follows:						
Shareholders of the company	107.7	90.9	*19%*	286.9	257.4	*11%*
Minority rights	7.9	4.5	*76%*	10.7	8.0	*35%*
Profit for the period	**115.6**	**95.4**	***21%***	**297.6**	**265.4**	***12%***

Consolidated Statement of Comprehensive Income

All figures in EGP mn	4Q2020	4Q2019	% change	FY2020	FY2019	% change
Net Profit	115.6	95.4	*21%*	297.6	265.4	*12%*
Other comprehensive income	0.0	0.0	*N/A*	0.0	0.0	*N/A*
Total comprehensive income for the year	**115.6**	**95.4**	***21%***	**297.6**	**265.4**	***12%***
Total comprehensive income attributable to:						
Owners of the company	107.7	90.9	*19%*	286.9	257.4	*11%*
Non-controlling interest	7.9	4.5	*76%*	10.7	8.0	*35%*
Total comprehensive income for the year	**115.6**	**95.4**	***21%***	**297.6**	**265.4**	***12%***

Consolidated Statement of Financial Position

All figures in EGP mn	31 December 2019	31 December 2020
Non-current assets		
Fixed assets	908.5	1,205.2
Intangible assets	413.6	427.6
Right of use	10.2	18.8
Payment under investment	-	-
Investment in associates	-	1.1
Total non-current assets	**1,332.4**	**1,652.7**
Current assets		
Inventory	49.3	66.3
Accounts receivables	337.2	418.8
Other receivables and debit balances	105.2	94.6
Due from related parties	2.0	0.4
Treasury bills	50.1	220.6
Cash	791.3	330.0
Total current assets	**1,335.0**	**1,130.5**
Total assets	**2,667.4**	**2,783.3**
Equity		
Share capital	800.0	800.0
Reserves	284.4	281.3
Retained earnings	746.2	984.9
Equity attributable to the parent company	**1,830.6**	**2,066.2**
Non-controlling interest	103.9	107.7
Total equity	**1,934.5**	**2,173.9**
Non-current liabilities		
Long term investments creditors	-	17.9
Long term debt – non-current portion	-	-
Non-current portion of lease liability	5.8	8.0
Deferred tax liability	74.8	77.9
Total non-current liabilities	**80.6**	**103.8**
Current liabilities		
Provisions	15.6	21.6
Creditors and other credit balances	442.3	442.0
Due to related parties	-	0.6
CPLTD	-	-
Current portion of lease liability	2.7	5.3
Long term incentive plan	129.1	-
Current income tax	62.6	36.1
Total current liabilities	**652.3**	**505.5**
Total liabilities	**732.9**	**609.3**
Total liabilities & shareholders' equity	**2,667.4**	**2,783.3**

Consolidated Statement of Cash Flow

All figures in EGP mn	31 December 2019	31 December 2020
Cash flow from operating activities:		
Profit before tax	367.5	396.2
Adjustments for:		
Depreciation	65.0	84.4
Amortization of intangible assets	-	4.0
Allowance for impairment of current assets	57.5	51.4
Provision	(9.3)	6.1
Capital gain/loss	(1.0)	(0.5)
Credit/debit interest	(89.6)	(47.0)
Changes in current tax liability	(101.0)	(122.1)
Loss in investments in subsidiaries	-	0.1
Employee incentive	83.8	7.8
Operating profits before changes in assets and liabilities	**372.9**	**380.3**
Changes in working capital:		
Changes in inventories	(7.1)	(17.4)
Change in trade receivables, debtors, and other debit balances	(86.6)	(96.0)
Changes in due from related parties	5.1	2.2
Change in trade and other payables	149.0	39.6
Paid from employee incentive plan	-	(136.8)
Net cash flows generated from operating activities	**433.2**	**172.0**
Cash flow from investment activities:		
Proceeds from sale of fixed assets	1.6	2.0
Payments for purchase of fixed assets	(101.1)	(159.5)
PUC purchased	(194.1)	(221.1)
Advanced payments for purchase of fixed assets	(64.8)	(27.3)
Payments for acquisition of a subsidiary, net cash acquired	(160.1)	(14.4)
Payments under investment	-	(41.1)
Credit interest collected	97.2	50.5
Treasury bills	(50.1)	50.1
Paid under subsidiaries capital increase	-	-
Paid for investment associates	-	(1.2)
Net cash flow from investment activities	**(471.4)**	**(362.1)**
Cash flow from financing activities:		
Proceeds from minority share in subsidiary capital increase	22.5	-
Dividends paid	(31.9)	(48.5)
Repayment of borrowings	(95.1)	-
Cash proceed from overdraft	85.2	-
Cash paid to overdraft	(85.2)	-
Interest paid	(20.0)	(2.2)
Net cash flow from financing activities	**(124.6)**	**(50.6)**
Net change in cash & cash equivalents during the period	**(162.7)**	**(240.7)**
Cash and cash equivalents at the beginning of the period	953.4	791.3
Cash and cash equivalent in acquired subsidiaries at beginning of period	0.6	-
Cash & cash equivalents at the end of the period	**791.3**	**550.5**