



**CLEOPATRA HOSPITALS**  
GROUP

# **Alameda Healthcare Transaction Update Investor Call Presentation**

**January 2021**

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# Call Participants



**Ahmed Badreldin**  
Chairman  
Cleopatra Hospitals Group



**Dr. Ahmed Ezzeldin**  
Chief Executive Officer  
Cleopatra Hospitals Group



**Hassan Fikry**  
Strategy & Investor  
Relations Director  
Cleopatra Hospitals Group



**Dr. Fahad Khater**  
Founder  
& Chairman  
Alameda Healthcare Group

# Our Mission and Values



- We put our patients first by providing **high quality healthcare services** with a focus on patient safety and quality of outcomes while enhancing the quality of life of our patients
- We focus on creating **sustainable growth** with positive measurable impact on our stakeholders and on society while **aiding in the transformation and institutionalization** of the Egyptian healthcare sector
- We work with our payor stakeholders in a collaborative partnership model delivering **value for service and innovation** aiding overall market growth in patient coverage
- We grow by continuously **investing in our infrastructure and in medical technology** while maintaining a partnership approach with all our stakeholders in collaboration with our healthcare regulator the MoHP
- We strive to be the **employer and partner of choice** in the growing Egyptian healthcare sector to our employees and doctor consultants through investing in training and technology
- We aim to **re-invest our scale synergies** in our stakeholders through investing in quality and patient safety and improving service delivery through technology, innovation and training

# Key Transaction Highlights

## Consideration

- Acquisition of 100% of UAE's Alameda Healthcare hospitals in Egypt (the "Combination" or the "Transaction") subject to the satisfaction of certain conditions precedent and regulatory approvals.
- The Consideration is to be funded through assumption of Alameda attributable debt of c. EGP3.3bn, in addition to an equity consideration of up to a maximum of 884 million new shares to Alameda shareholders implying up to a maximum of 35% equity dilution (current shares outstanding 1.6 billion). The equity consideration will be mostly settled through the issuance of debt notes in favor of Alameda's shareholders mandatorily convertible into new shares by CHG to be fully subscribed to by Alameda shareholders. A portion of the debt notes convertible into shares may be settled in cash in accordance with the agreed mechanism in the SPA and subject to financing which may result in dilution reducing to 25% minimum equity dilution or only 533 million shares issued.
- The new shares (which will be issued upon conversion of the convertible debt notes) will have a lock-up period of twelve months from the share issuance date.

## Management & Board

- Management under the leadership of CHG's CEO Dr. Ahmed Ezzeldin who has been with the Group since its inception
- Dr. Fahad Khater will become a key and strategic shareholder in CHG and will take on the role of Non-Executive Vice Chairman of CHG (+1 additional board seat)
- Total board size increased to 13 board members from the current 11 members

## Financial Highlights

- **Enhanced growth profile:** Pro-forma annual organic growth to increase significantly with the addition of the Alameda assets, which are reputed assets similar to CHG's flagship hospital, supported by volumes from the new greenfield bed capacity additions and CHG's organic growth trajectory.
- **Scale enhancement:** The Combination will result in improving CHG's volume and scale enabling the Group to better collaborate with its institutional payor base representing c.70% of the Combined Group revenue to grow the overall market with new products and risk bearing arrangements while continuing to provide high quality healthcare value for service. In addition, for many hospital services, the incremental scale volume from the Combination enables the delivery of higher quality at lower cost (adjusted for inflation) to our payor stakeholders with the ability to further invest in technology to improve patient safety and outcomes.
- **Attractive profitability:** Room for EBITDA margin improvement to bring Alameda assets to CHG's flagship hospital efficiency levels of 30%+ in addition to the further benefit from scale synergies and from clinical standardization to reduce cost and improve quality.
- **Accretive to earnings:** The Transaction is earnings accretive pro-forma for the envisaged synergies supported by a combination of growing EBITDA generating assets, near completion "de-risked" greenfield incremental bed capacity, and minimal dilution leading to strong and sustainable value growth.
- **Incremental equity value creation from deleveraging:** The Combination is expected to result in strong future cash generation supported by Alameda's historic EGP3.5bn capital expenditure program, which has now been completed, resulting in rapid deleveraging and equity value creation.

## Timing & Conditions

- The Transaction is expected to complete in H1 2021 subject to certain confirmatory due-diligence and shareholder and regulatory approvals including the MoHP & FRA and ECA (list of key CPs included in this presentation). Preparation for the CP satisfaction process has started for obtaining the ECA approval.

Continuing our goal of creating a leading healthcare provider in Africa listed on the Egyptian Stock Exchange and a key component of the EGX 30 Index

# Transaction Accelerates CHG's Growth...

## Key Transaction Highlights

1	<b>Excellent Hospital Brands with Limited Historic Integration</b>	<i>Alameda's hospitals benefit from reputed brand positioning yet operate at lower margins due to limited shared services integration</i>
2	<b>Well Invested Asset Base with Low Future Capex Requirements</b>	<i>Strong EBITDA generation with over EGP 3.5 billion of CAPEX invested in the last four years to upgrade and expand the Alameda assets backed by a committed Founder shareholder</i>
3	<b>Good Mix of Mature and New Assets Providing Strong Growth Rate</b>	<i>Strong growth upside potential as the assets ramp up to CHG's average levels, owing to Alameda's utilization ramp up from its recent capacity investments and expansion plans</i>
4	<b>Gross Margin Improvement Potential from Scale Synergies</b>	<i>Potential to improve profitability through scale synergies from clinical standardization to reduce cost and improve quality supported by transfer of knowledge and best practices</i>
5	<b>Low Integration Risk with "De-Risked" Greenfield Incremental Bed Capacity</b>	<i>Lower risk integration supported by Alameda's professional management team. The acquired greenfield capacity has been "de-risked" significantly and operational in 2021.</i>
6	<b>Network Expansion with the Addition of High-quality Reputed Hospital Assets</b>	<i>The acquisition allows CHG to add state of the art high-quality hospitals to its network to better serve its patient and payor base across Greater Cairo complementing CHG's assets</i>
7	<b>Accretive Valuation in Addition to Alameda's Growth Rate</b>	<i>Accretive valuation reflects Alameda's growth rate from portfolio ramp up and capital structure with target debt : Pro forma EBITDA &lt; 3.0x<sup>(1)</sup> expected to rapidly deleverage over time</i>

**Enhances patient and payor value proposition with high quality, highly complementary assets with quality service offerings. Going forward our focus will be on volume growth and leveraging the Combined Group scale for further investments in the sector.**

Note (1): Assuming no cash component



# ... and enhances CHG's ability to positively impact the healthcare market institutionalization in Egypt

## Improving Access to Quality Healthcare

CHG's market share has grown over the last 5 years to c. 8% of the commercial bed capacity in Greater Cairo and the Combined Group is expected to have c. 15% of the Greater Cairo c. 14,000 commercial beds, post-completion of the Transaction. CHG will be able to work with its insurance and credit payors to continue working on a volume led growth strategy to support the sustainable ramp up of the Alameda assets while offering value for service to the Group's payors enabling them to grow the insured market in Egypt. As Egypt's Universal Healthcare scheme rolls out, the Combined Group is expected to be a key partner to this strategically important payor.

## Continuing CHG's Investment Led Strategy

Since 2015, CHG invested over EGP 1 billion in quality, infrastructure and medical technology upgrades foregoing annual dividends and reinvesting 100% of profits back into the business. The combination of CHG and Alameda increases the potential for investment in the sector given better access to lower cost capital and will be directed towards governorates that have a shortage of hospital bed capacity and where the universal health insurance scheme will likely be the main payor continuing CHG's volume led strategy and supporting the growth of hospital bed capacity in Egypt.

## Improving Medical and Non-medical Sector Employment

CHG strives to be the employer of choice in the healthcare sector in Egypt offering market leading employment terms and sustainable career opportunities. Since 2015, CHG increased employee compensation by over 100% for medical as well as non-medical staff, improved employee working conditions and insurance and institutionalized the hospitals it acquired opening career paths that did not exist prior to the formation of CHG. The combination with Alameda will enable CHG to offer more sustainable career opportunities for the combined employee base and improved employee engagement and doctor satisfaction.

## Better Opportunities for Consultant Doctors In Egypt

The combination of CHG and Alameda will lead to enhancing patient safety and quality of outcomes through clinical standardization, transfer of knowledge and best practices providing better opportunities and upskilling for consultant doctors while improving doctor experience. CHG has been a leader in Egypt in ensuring a fair and sustainable relationship between the consultant doctors and the hospitals in terms of investing in facilities and technology to attract doctors, balanced revenue sharing arrangements with timely payments, and CHG is an advocate of retaining doctors in Egypt reducing the brain drain resulting from the emigration of medical talent.

## Value for Service Pricing

For many hospital services, additional volume from the Combined Group enables the delivery of higher quality at lower cost (adjusted for inflation) to our payors. CHG's pricing strategy is based on volume led growth in partnership with the insurance and credit payors representing c.70% of CHG's revenue with a model that grows the insured patient volume over time to leverage the high fixed asset costs and investments made over the years to improve infrastructure and technology leading to better quality of care and safety in patient outcomes. While the market currently still operates primarily in a fee-for-service model the Combined Group will have the financial capacity and scale to aid its payor stakeholders in the migration shift to value-based pricing and payments for their insured patients and risk-sharing models which would also support the growth of the Universal Healthcare Insurance system as it is rolled out across the Governorates.

## Improving Quality and Safety of Outcomes

With the incremental volumes the Combined Group is able to invest in and afford centers of excellence staffed with leading domain experts and equipped with the latest in medical technology providing a more targeted service to improve health outcomes and value for patients while attracting the leading local and international medical talent to upskill and enhance the medical experience within CHG's facilities through collaboration and shared resources across the combined hospital base.

**The combination with Alameda allows CHG to re-invest the scale synergies and higher patient volumes from the Combined Group back into its stakeholder relationships in terms of patients, payors, doctors and employees resulting in positive sector impact**

# CHG & Alameda | Key Facts Comparison

Key Facts Comparison (note 2020 figures negatively impacted by Covid-19)



Number of Operating Hospital Facilities	6	3 (+1 in H1'2021)
Number of Operating Beds	782	671 + 95 <sup>(1)</sup> (+137 in H1'2021)
Group Average Utilization	65% - 75% (depending on facility)	50% across 3 hospitals (35% across 4 hospitals)
Group Inpatients (FY2019)	54,778	37,440
Group Outpatients (FY2019)	708,152	477,579
Consolidated Revenue (9M 2020)	EGP 1,379 mn	EGP 1,493 mn
Consolidated EBITDA (9M 2020)	EGP 345 mn 25.0% margin	EGP 353 mn 23.7% margin
Consolidated Growth - Revenue	23% 2019 on 2018 7% 9M 2020 on 2019	34% 2019 on 2018 4% 9M 2020 on 2019
Consolidated Growth – EBITDA <sup>(2)</sup>	24% 2019 on 2018 -1% 9M 2020 on 2019	94% <sup>(3)</sup> 2019 on 2018 -5.5% 9M 2020 on 2019

**As a result of Alameda hospitals' low utilization levels, the group has a potential to reach robust run-rate revenue and EBITDA levels as the assets ramp up and patient volumes grow at the newly opened capacities**

Note: all KPIs are subject to due diligence and reclassifications to match CHG's definitions – CHG hospitals excludes Bedaya - CHG Outpatients includes polyclinics

Note(1): As-Salam International Hospital expansion beds

Note (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 for CHG

Note (3): Adjusted EBITDA growth rate

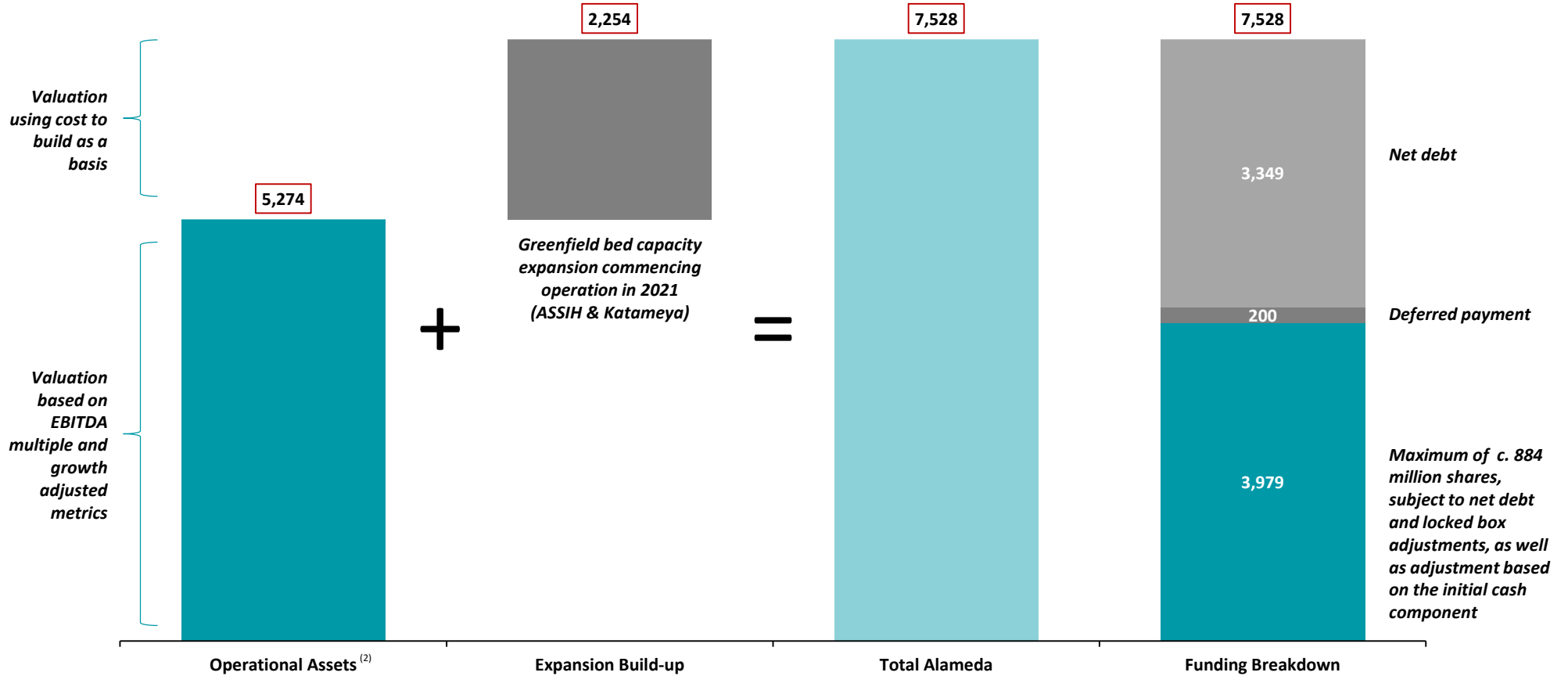




# Transaction Valuation

## Attributable Valuation Waterfall<sup>(1)</sup>

The dilution to existing CHG shareholders ranges between 25-35% depending on the cash financing component



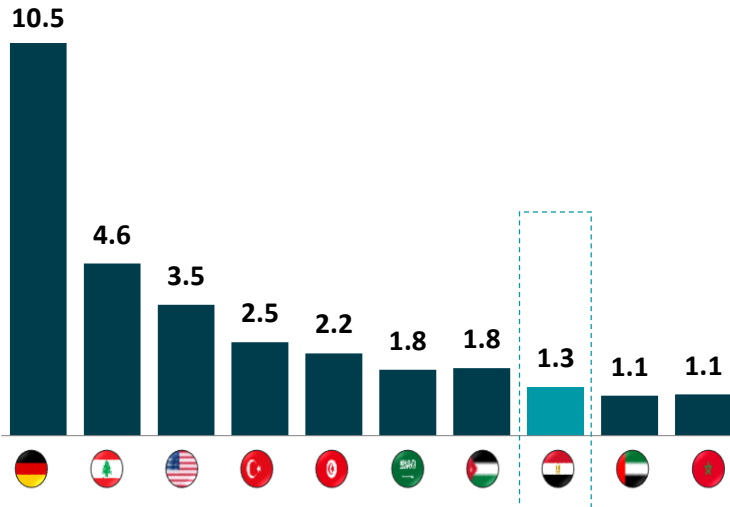
The valuation implies similar EBITDA multiples, even though Alameda's EBITDA reflects low utilization, well invested CAPEX and higher potential for growth

Note (1): Valuation is based on a CHG pre-transaction announcement share price of EGP 4.5 and is subject to adjustment, noting that the agreed-upon swap ratio between CHG and Alameda is fixed and will not change if the execution share price changes

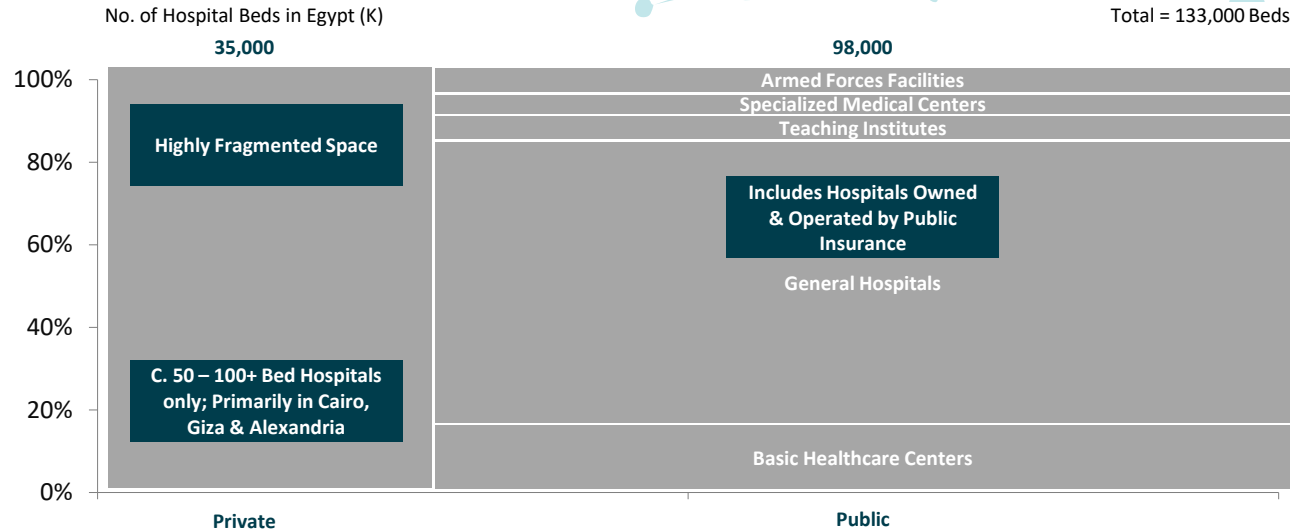
Note (2): Alameda's operational assets include: DAF 60ct, DAF NC and ASSIH (290 beds excluding 95 expansion beds)

# Overview of Egypt's Hospital Market

## Hospital Beds per 1,000 Citizens



## Mapping of Egypt's Hospital Beds



## Landscape of Egypt's Hospitals by Function

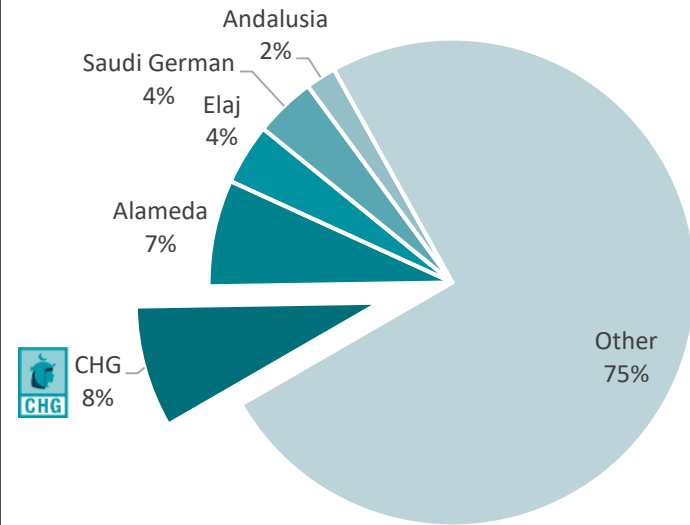
	Basic Healthcare Centers	General Hospitals (Public Insurance)	Specialized Medical Centers	Teaching Institutes / Medical Colleges	Armed Forces Facilities	Private Hospitals (Non-Government)
<b>Level of Care</b>	<ul style="list-style-type: none"> <li>First level of public healthcare</li> <li>Access to basic preventive &amp; diagnostic treatment for common diseases &amp; risk factors</li> </ul>	<ul style="list-style-type: none"> <li>Support basic healthcare centers as well as some advanced care / treatment centers</li> <li>Accessible to members of the insurance scheme</li> </ul>	<ul style="list-style-type: none"> <li>One of the highest level of public healthcare</li> <li>Provide advanced. Specialized care across key diseases &amp; intervention</li> </ul>	<ul style="list-style-type: none"> <li>Provide medical education, specialization across levels &amp; fields</li> <li>Facilitate training &amp; research</li> </ul>	<ul style="list-style-type: none"> <li>High-end multi specialty facilities for the armed forces</li> <li>Available for access by paying premium rate</li> </ul>	<ul style="list-style-type: none"> <li>Provide diagnosis, treatment advice, specialist inpatient services, and advanced care</li> <li>Better equipped than public hospitals</li> </ul>
<b>Number of Units</b>	153	420	42	19	20	1,484
<b>Number of Beds</b>	C. 18,000	C. 50,000	C. 1,500	C. 5,000	5000+	> 34,000
<b>Level of Technical Facilities</b>	Basic	Low	Mid to High	Medium	Extremely High	Mid to High (Depending on Location)
<b>Presence / Location</b>	Across Egypt – national network	Located in all key cities / towns for each governorates	Concentrated in metro & tier 1 cities	Concentrated in metro & tier 1 cities	Located in key governorates / cities	Across Egypt – concentrated in metro & tier 1 cities
<b>Client Type</b>	All	All Egyptians with HIO / COO cover	All – primarily referrals for specialized care	All	Armed forces (free) private by paying	Mid to higher income segment

Source: CAPMAS, Egypt Ministry of Health, consultants

# CHG at a Glance

- Cleopatra Hospitals Group (the “Group” or “CHG”), is Egypt’s largest private hospital group by number of hospital beds and operating hospitals and consists of six operational hospitals and two polyclinics all in Cairo, namely:
  - Cleopatra Hospital (100.0% ownership)
  - Cairo Specialized Hospital (55.4% ownership)
  - Nile Badrawy Hospital (99.9% ownership)
  - Al Shorouk Hospital (100.0% ownership)
  - Queens Hospital (100.0% ownership)
  - Al Katib Hospital (100.0% ownership)
  - Cleopatra Hospitals Group Clinics (100.0% ownership)
- Over the last five years, the Group has revolutionized the Egyptian healthcare industry by bringing high quality, integrated healthcare solutions to a growing number of patients across a constantly expanding geographical footprint

## Market Share in Greater Cairo by # of Commercial Beds



Total 14,000 commercial beds in Cairo of which 8,500+ beds are in '30+ beds' hospitals

Source: CAPMAS, Egypt Ministry of Health, consultants



**1,000**

Consultant physicians attracted from the top two medical universities



**+5300**

2400 medical staff including c. 850 resident doctors and c. 1000 nursing staff



**6 Hospitals**

- 782 Beds
- 150 fully equipped ICU Beds
- 6 Cath Labs
- Full Comprehensive Specialty Coverage



**2 Polyclinics**

Offering comprehensive outpatient and full array diagnostic services in addition to home visits



**Bedaya IVF**

1 Operating facility – Q42020

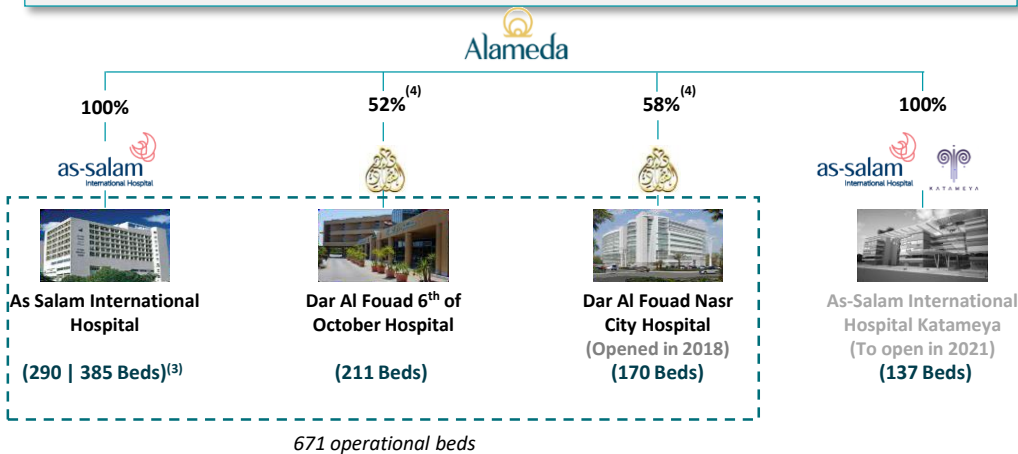
Expansion with 1 new facility as an integrated fertility, mother & child center

# Alameda Group at a Glance

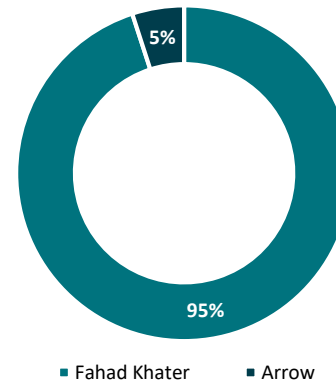
## Alameda Overview

- Alameda is among the leading healthcare service providers in Egypt with its origins first rooted in Professor Salah Khater's investment in As-Salam International Hospital in 1999. Alameda is majority owned and chaired by Dr. Fahed Khater, a prominent pioneer investor in the Egyptian healthcare market and a qualified physician with an MBA in International Healthcare Management. Alameda management is led by Mr. Neeraj Mishra, an experienced healthcare professional, since Q2 2019 (previously he was COO of Max Healthcare in India).
- Alameda Healthcare's network currently includes three tertiary care hospitals in Cairo with 671 beds currently operating under the Dar El Fouad Hospital and As-Salam International Hospital brand names in addition to a 95 bed expansion in As-Salam International Hospital and a 137-bed hospital in New Cairo that is currently under construction with more than 700mn invested to date. In addition to the well invested asset base, Alameda has one hospital under construction, one new hospital that is currently ramping up and two expansions on the fully operated hospitals which suggest high room for growth on all assets
- For the nine-month period ended 30 September 2020, Alameda's un-audited revenues amounted to approximately EGP 1,493 million<sup>(1)</sup> compared to EGP 1,435, representing a growth of 4% year-on-year despite the overall market challenges resulting from the COVID-19 pandemic and the lock-down imposed during the first few months of the pandemic

### Hospital Assets<sup>(2)</sup>



### Alameda Shareholding Structure



### Alameda's Income Statement Highlights

EGP mn	2017A	2018A	2019A	2020E*	2021B
Revenue	1,161.3	1,459.9	1,957.8	2,183.4	2,912.9
Growth (%)		25.7%	34.1%	11.5%	32.8%
EBITDA <sup>(6)</sup>	166.8	252.2	488.8	567.1	772.2
Margin (%)	14.4%	17.3%	25.0%	26.0%	26.5%

\* 2020 financial performance impacted by COVID-19

### Key Highlights (2020)

4	671	110	4,500+	~ 465,915	~ 36,750	~ 3.3mn <sup>(5)</sup>
Facilities	Hospital Beds	Clinics	Employees	Outpatients	Inpatients	Revenue per Bed

**Reputed hospitals with c. 70% corporate and insurance payor profile and only c. 30% cash patients and significant historic investment in capacity and infrastructure in addition to new greenfield capacity operational in 2021.**

Note: all KPIs are subject to due diligence and reclassifications to match CHG's definitions

Note (1): Based on unaudited management accounts as received by the Alameda management

Note(2): The diagram represents Alameda Group's beneficial shareholding in each respective assets (not legal corporate structure)

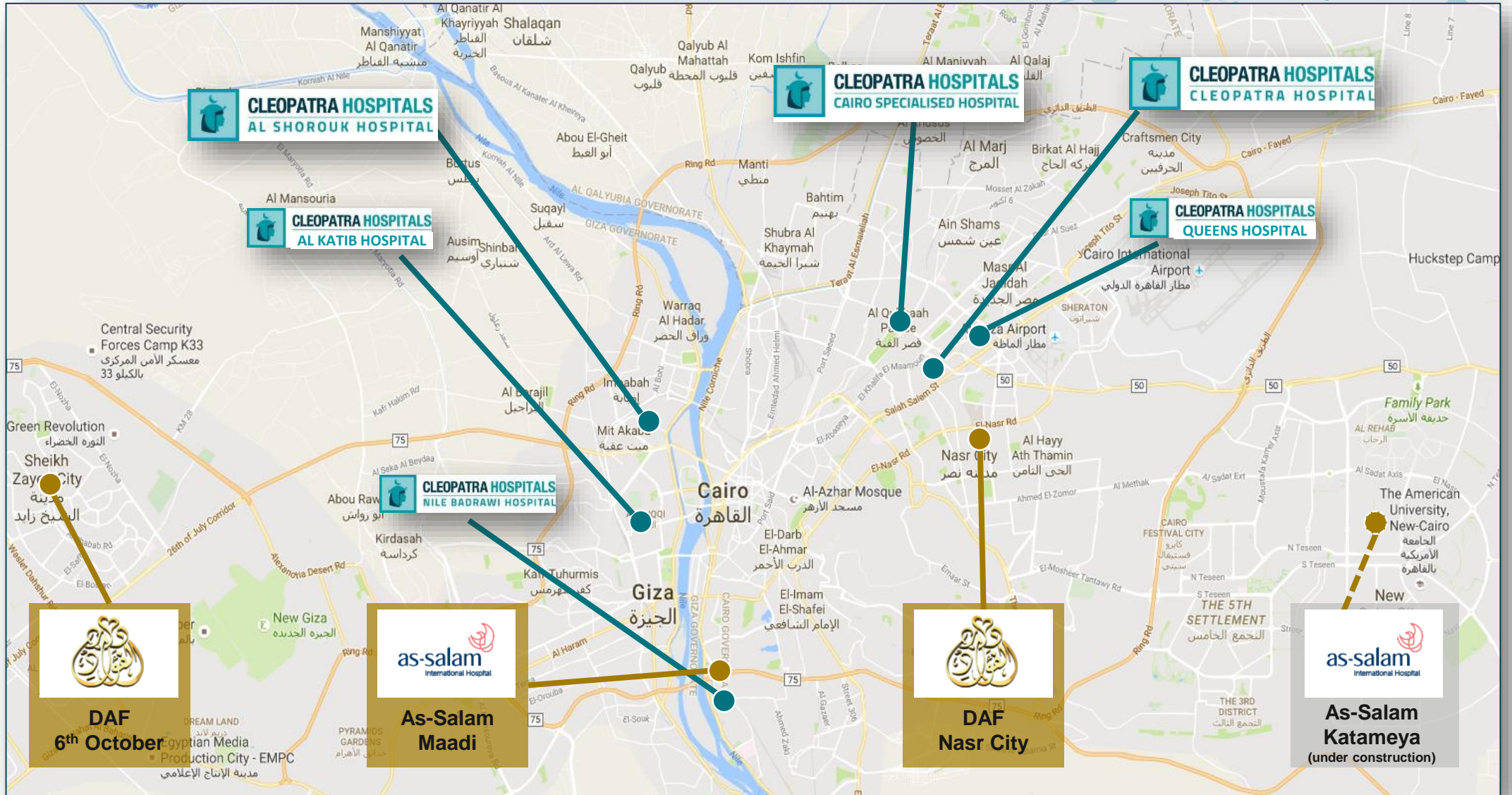
Note(3): Upon finalization of ongoing hospital expansion

Note (4): SEDCO owns 15.3% and 15.8% stakes in DAF 6 Oct and DAF NC, respectively

Note(5): Based on 2020E revenue, excluding KIH's number of beds and As-Salam expansion beds

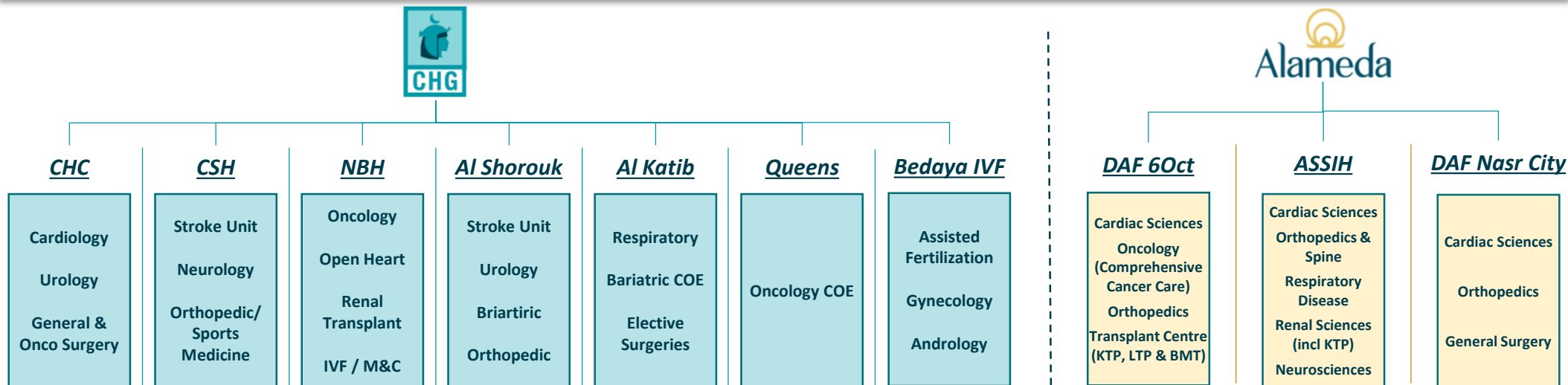
Note (6): 2020 and 2021 EBITDA before Provision for DD and one-off nonrecurring expenses (including transaction costs)

# Combining Established Hospitals and Improving Network Access To Stakeholders in Greater Cairo



# Enlarged Group to Invest in Service and Capacity Development to Cover Healthcare Gaps in Egypt

## Centers of Excellence Plan (example)



### Service Gaps Needed in Egypt (i.e.)

Subspecialty Management Aligned with CoEs with New Medical Technologies and International Affiliations

Robotic Surgery & Immunotherapy

### Capacity Expansion Initiatives

190 bed capacity in Beni Sweif - 2022

137 bed capacity in New Cairo - 2021

95 bed capacity in As-Salam - 2021

In addition to enhancing patient safety and quality of outcomes through clinical standardization and transfer of knowledge and best practices

# Combined Group's Corporate Governance

## Non-Executive Board Members



**Ahmed Badreldin**  
Chairman



**Dr. Sherif El Kholy**  
Director



**Omar Ezz Al Arab**  
Director



**Mohamed Roushdy**  
Director



**Samia El Baroudy**  
Director

## Executive Board Member



**Dr. Ahmed Ezzeldin**  
Executive Member & Group CEO

## Independent Board Members



**Nabil Kamhawy**  
Former Head of Ernst & Young Egypt



**Dr. Mohamed Awad Tag El Din**  
Former Minister of Health



**Dr. Manal Hussein Abdel Razeq**  
Director



**Omar Kinawy**  
Former Deputy Head of Intelligence



**Tarek Kabil**  
Former Minister of Trade and Industry



**Dr. Fahad Khater**  
Vice Chairman

**2<sup>nd</sup> Board Seat**  
Director

Board seats to reflect pro-rated shareholding

## Board Committees

**Audit committee** – recommends the financial statements to the Board, and matters such as internal and external audits, financial and non-financial risk

**Remuneration committee** – determines and recommends to the Board matters regarding the framework for senior management remuneration

**Clinical quality and safety committee** – monitors non-financial risks, including clinical performance, health and safety and facilities

# Summary of Key Terms and Conditions Precedent

## Summary of Key Terms and SPA Conditions Precedent

### Key transaction terms:

- Following satisfaction of the conditions precedent, CHG will acquire the Alameda shares through the issuance of debt notes in favour of Alameda's shareholders, most of which are mandatorily convertible into new shares to be issued by CHG in a capital increase to be fully subscribed to by the Alameda shareholders following closing and the completion of the transfer of the Alameda shares to CHG. A portion of the debt mandatorily notes convertible into shares may be settled in cash in accordance with the agreed mechanism in the SPA.
- CHG shall convert the debt note (at an implied premium to the undisturbed share price) representing the upfront share component by issuing a fixed number of shares to the sellers of up to c. 884 mn shares (subject to cash component and other transaction adjustments and conditions).
- Alameda's shareholders would be under a lock-up period of 12 months.

### Closing shall be conditional on the following conditions having been fulfilled or, if applicable, waived in accordance with the SPA:

- Completion by the purchaser and the seller of confirmatory financial, legal and tax due diligence,
- Obtaining the approval of the (i) Egyptian Competition Authority (ECA), (ii) Ministry of Health, and (iii) the Financial Regulatory Authority,
- An Independent Financial Advisor confirming valuation for both CHG and Alameda as well as CHG board approval on the IFA reports,
- The receipt of all appropriate governmental, regulatory and third-party consents and approvals required for the Transaction,
- No material breach of warranty having occurred between signing of the SPA and completion,
- Satisfaction of the purchaser in regards to the seller's debt restructuring;
- There being no material adverse change in the business,
- Receipt of all required corporate approvals by both parties to the SPA including CHG's OGM approval on the transaction structure and CHG's EGM approval on the conversion of the debt notes issued to the seller into equity via capital increase,
- Approval of the convertible debt notes by the Economic Performance Department at the General Authority for Investment,
- Other customary conditions of the transaction of this nature.

*We have started the process of CP satisfaction preparation and our legal counsel have commenced discussions with the ECA. The preliminary view of the ECA following their initial review is that the Transaction would entail restriction of competition and hence the ECA invites the parties to the Transaction to submit their point of view, initiating an in-depth review in order to enable the ECA to assess the likely effects of the Transaction on competition in the relevant markets and reach its final decision including potential structural and/or behavioural remedies which would address the ECA concerns supported by precedent transactions in Egypt.*





**Merits of the  
Proposed  
Combination of  
CHG & Alameda**

# Merits of the Proposed Combination of CHG & Alameda

## I Building New Capacity

- ✓ *The proposed combination will positively contribute towards Egypt's existing hospital bed shortage and the underserved healthcare sector through enhanced financial flexibility to invest in new capacity*
- ✓ *The combined entity will unlock additional capacity of 450 beds across Cairo and Beni Suef, offering large multi super-specialty care centers across all areas of Greater Cairo and potentially other governorates*
- ✓ *Scale of Combined Group improves access to capital and cost of financing improving feasibility and project potential*

## II Improving Quality of Care & Medical Outcomes

- ✓ *The combined entity will have more capabilities to improve the quality of care and medical outcomes*
- ✓ *The proposed combination will allow for substantial infrastructure investments, improved quality accreditation across the Combined Group, expansions in employee base, and additional staff training*
- ✓ *The Combined Group enhances the transfer of knowledge and best practices enhancing overall efficiency and quality*

## III Investment in New Medical Technology

- ✓ *The Combined Group will have the financial capability, access to capital and patient volume base to allow for investment in the latest medical technology and analytics to aid in best patient care decision outcome*
- ✓ *The group plans to continue to invest in new medical technology such as robotic surgery, linear accelerators, and PET CTs*
- ✓ *The combination of the two Groups will allow it to attract the latest medical technology expertise to further enhance care*

## IV Improve Accessibility

- ✓ *The Combined Group will focus on new initiatives to improve quality and accessibility of care across its facilities*
- ✓ *The group will expand its partnership with the ministry of health to provide support on the universal health insurance and other initiatives to enhance the quality of healthcare services provided by the public and private sector*
- ✓ *The enhanced scale will enable CHG to work with its institutional payor base representing c70% of the Combined Group revenue to grow the overall market with new products and risk bearing arrangements*

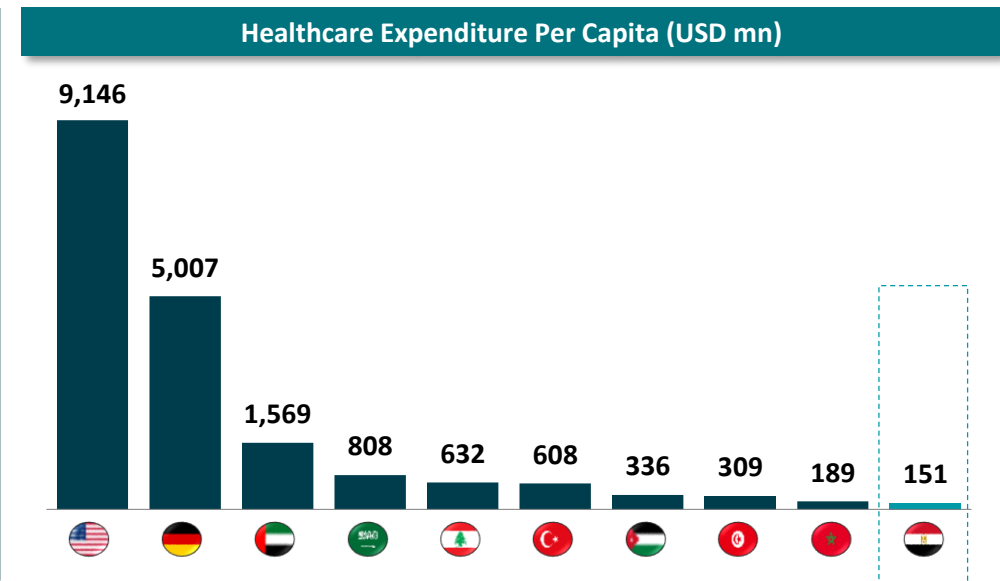
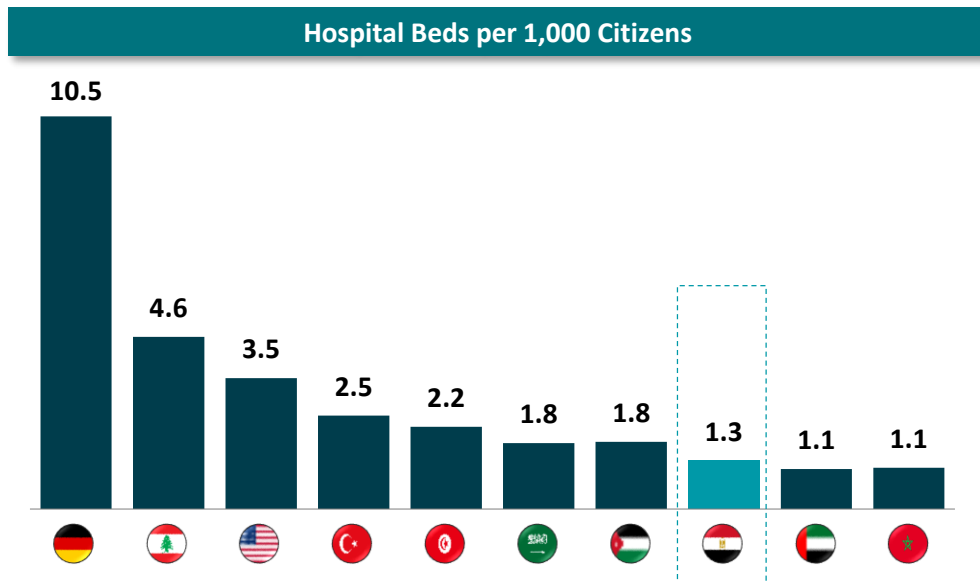
## V Investment in Human Capital

- ✓ *The consolidation will allow the Combined Group to attract the best-in-class practitioners & medical staff and to further improve its efforts towards human capital development*
- ✓ *The proposed combination will also allow the combined to group to substantially increase hiring and offer more employment opportunities to cater for the merger-driven growth and expansion initiatives*
- ✓ *The Combined Group will continue to be employer of choice which should help limit medical "brain drain" from Egypt*

## VI Operational Synergies

- ✓ *The rationale driving this combination primarily calls for potential enhancement in efficiency & profitability through scale-driven savings and technological investments, rather than price increases and other patient-burdening initiatives*
- ✓ *The Combined Group's profitability enhancement to benefit from clinical standardization to improve quality while at the same time benefiting from the scale synergies resulting from volume growth of the Alameda assets*
- ✓ *Core synergies expected to come from improved asset utilization as a result of higher volume growth over time*

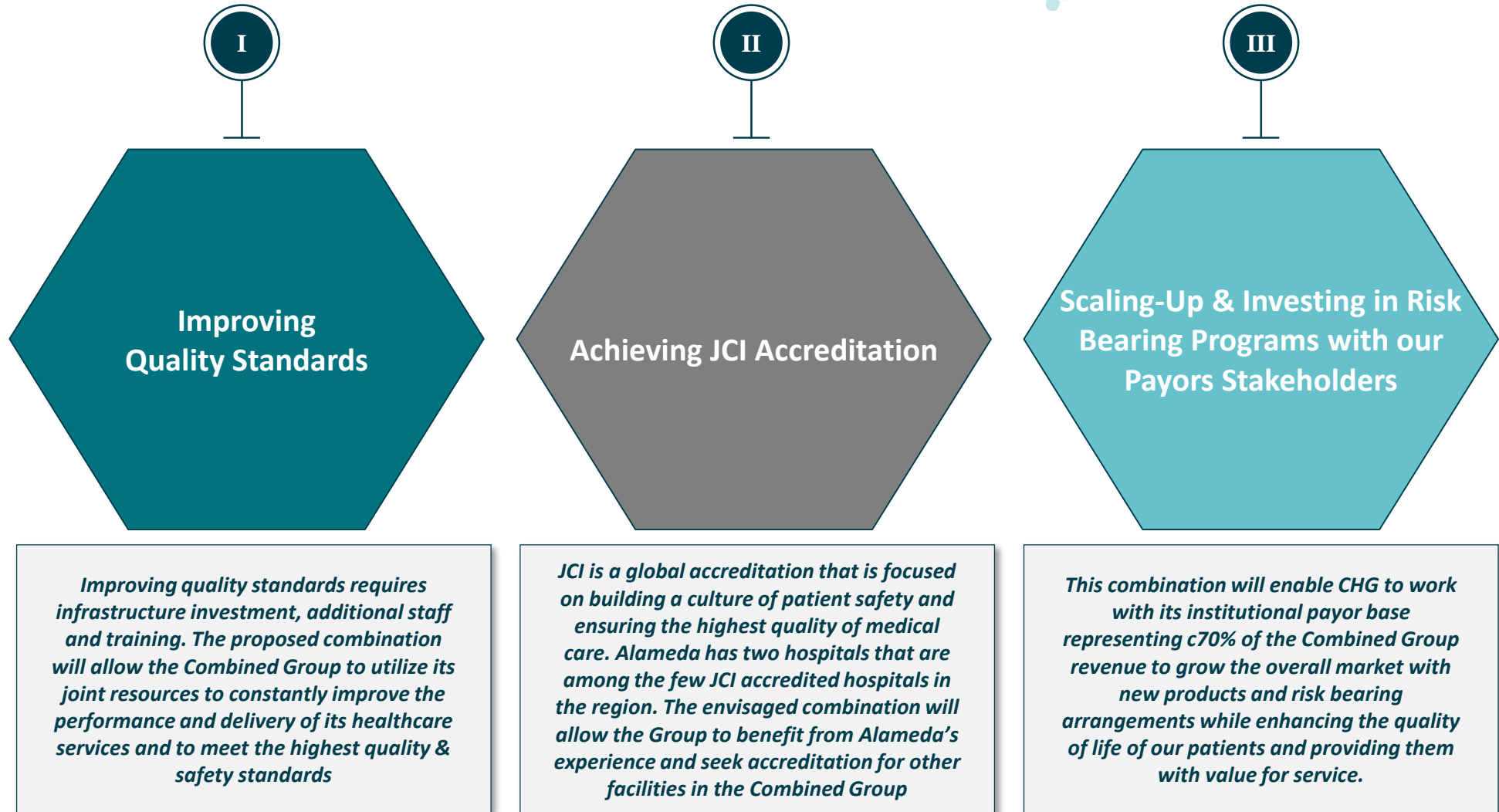
# I. Building New Capacity | *The Proposed Combination will Positively Contribute Towards Egypt's Existing Hospital Bed Shortage and the Underserved Healthcare Sector*



- ✓ *The Combined Group intends to open 450 new additional bed capacity with over 30% of this planned expansion outside of Greater Cairo - across Egypt, the Combined Group's number of beds post planned greenfield expansions will not exceed 2.0% of the total number of beds in Egypt*
- ✓ *The Combined Group scale gives it access to lower cost of capital funding which will enhance the feasibility for future incremental bed capacity and medical technology investments in large multi super-specialty care centers outside Greater Cairo and will help address Egypt's shortage of hospital beds and allow for better quality healthcare accessibility*
- ✓ *The Combined Group higher volumes and lower cost of capital will support the investment case for increasing capacity in high value medical technologies for quality enhancements, improved patient safety and better patient outcomes*
- ✓ *The proposed combination will also allow the combined to group to substantially increase hiring and offer more employment opportunities to cater for the merger-driven growth and expansion initiatives*

## II. Improving Quality of Care & Medical Outcomes | The

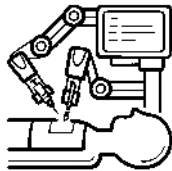


*Combined Entity will Have More Capabilities to Improve Quality Of Care And Medical Outcomes for Patients*



**For many hospital services, the incremental volume enables the delivery of higher quality at lower cost (adjusted for inflation) to our payor stakeholders**

# III. Investment in New Medical Technology | *The Combined Group will have the Financial Capability and Patient Base to Allow for Investment in the Latest Medical Technology and Services*

## Examples of Planned Investment

A	Robotic Surgery	B	Linear Accelerator	C	Integrated Operating Theatres
					
<p><b><u>Investment size: EGP 40 mn (each)</u></b></p> <ul style="list-style-type: none"> <li>– Robotic surgery is a minimally invasive technique, that allows surgeons to perform complex procedures with more control and precision than more conventional techniques</li> <li>– It is widely used in urology globally – however, it requires heavy investment in technology and equipment as well as extensive training to physicians</li> <li>– The Combined Group intends to invest in robotic surgery, the first in the private sector, with the payback justified given potential volumes of the Combined Group</li> </ul>		<p><b><u>Investment size: EGP 100 mn (each)</u></b></p> <ul style="list-style-type: none"> <li>– Oncology treatment is constantly developing with new technology that would allow for care to minimize invasion and side effects</li> </ul> <p>While the group already has linear accelerators in three locations, there are new generations with improved patient outcomes and the potential to invest in new CoEs (i.e Queens Hospital)</p>		<p><b><u>Investment size: EGP 50- 100 mn</u></b></p> <ul style="list-style-type: none"> <li>– Operating theatres equipment and components connected with advanced process flows</li> <li>– Diminishing the between Surgery down time and improving patient safety and outcomes</li> <li>– Leveraging HIS systems and imaging technology integration in addition to AI assisted medical technology to improve patient outcomes</li> </ul>	

# IV. Improve Accessibility | *The Combined Group will Focus on New Initiatives to Improve the Accessibility of Care, Including Polyclinics, Primary Health Facilities, Occupational Health Clinics and Telemedicine*

## A Home Care

Home Care Initiative aims to extend the continuum of care to the patient's home. Home consultations will also expand the Group's service offering to include "at home" long term care

**Scope of Services include:**

- 24/7 Home Consultation Service
- 24/7 Radiology examinations by portable equipment, such as: X-ray, Ultrasound, Echo, and ECG
- At home Physiotherapy Mobile Clinic
- Laboratory samples collection at home & delivering results within 24 hours and within 2 hours for emergency cases
- Medical care for the elderly, providing at home full time nursing and equipment
- 24/7 pharma delivery



## B Occupational Health

Occupational health initiative aims to provide on site clinics to corporations requiring in house medical services. The Group would provide staffing and equipment for the required level of care from basic emergency services to fully equipped clinics capable of attending a wider range of medical needs. Furthermore, the Group would provide the companies with their occupational safety guidelines and design medical response protocols



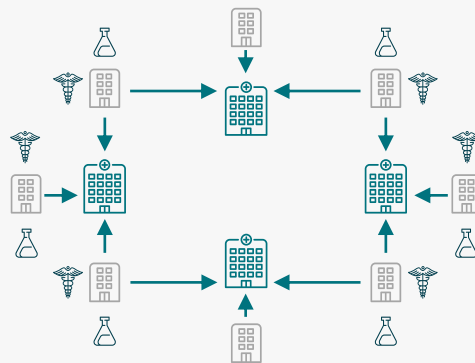
## C Polyclinics Roll Out

Continue feeder network expansion through the roll out of Polyclinics

**Feeders**  
Polyclinics act as feeders to Hub-Hospitals

**Improve Accessibility**  
Reach underserved areas with primary and specialized care

**East / West Cairo**  
Polyclinics Operational



## D Telemedicine

Telemedicine is a service being widely adopted across the world and is regarded as the future of fast and accessible primary care. CHG Telemedicine service was launched in May 2020 enabling the group to further its reach to a wider number and demographic of patients, delivering high quality care services remotely

**Short-term Benefits in Light of the COVID 19 Pandemic:**

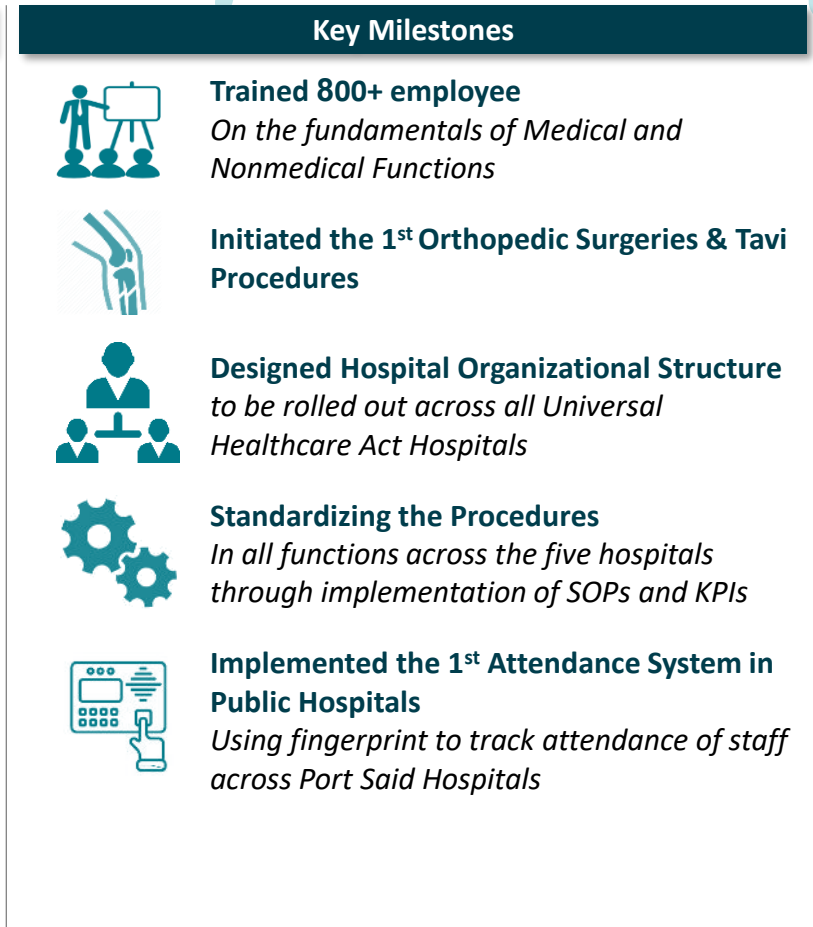
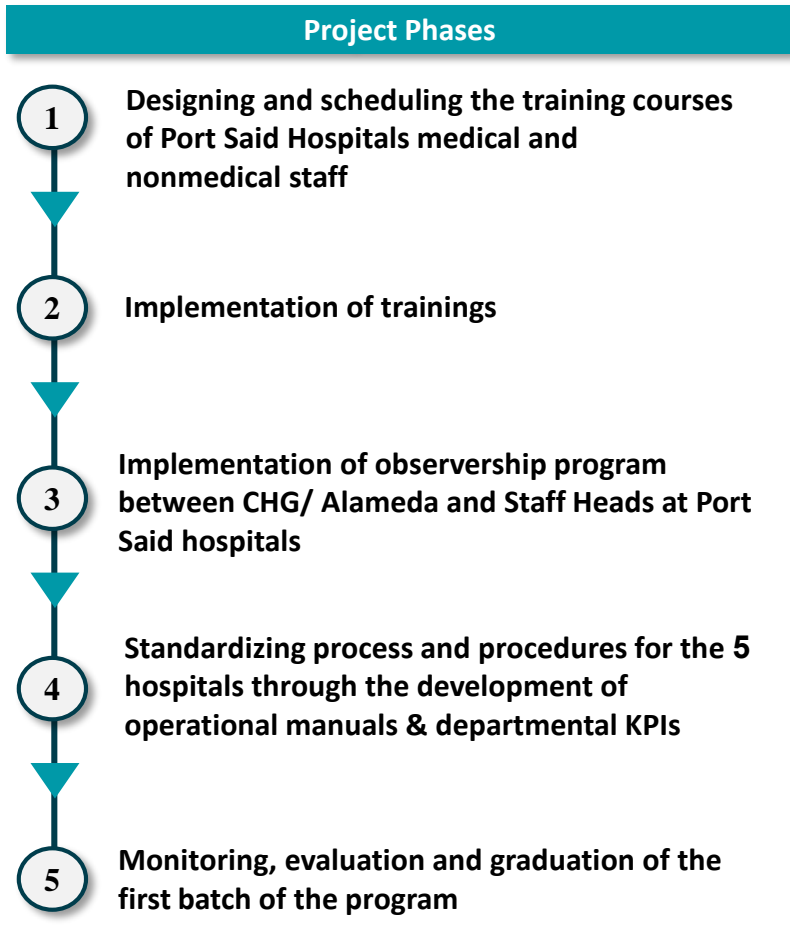
- Ensure the Safety of its Staff and Patients by providing remote solution
- Help curb the spread of the virus by minimizing the risk of infections in the Outpatient Departments
- Enabling doctors to reach their patients past Curfew hours
- Offering patients the option to consult the doctors they desire across different specialties at their convenience

**Long-term Benefits:**

- Expand geographic reach by serving wider segment of patients across the country remotely and at lower cost (adjusted for inflation)
- Unlock outpatient clinics department space by directing follow up consultations to be conducted remotely
- Reduce unnecessary OPD and ER visits to the hospitals enhancing efficiency and waiting times

# IV. Improve Accessibility (Cont'd) | *The Group will Expand its Partnership with the Ministry of Health, Providing Support on The Universal Health Insurance and Other Initiatives*

- A project designed by CHG, Alameda and other private hospitals in accordance with the Health Insurance Program led by the Egyptian Government
- The aim of the project is to provide programs for doctors and staff working in public medical facilities as a learning platform to enhance their technical and managerial skills, aiming to enhance the quality of service provided to patients



*As part of its CSR program, and in light of covid-19 social distancing guidelines, CHC recently offered over EGP 5mn of free telehealth consultations in Port Said*

# V. Investment in Human Capital | *The Combination Will Further Accelerate Investment in Our Employees and Consultant Doctors*

The Combination will enable the Group to better invest in its employees and consultant doctors and help the Group identify, attract and retain leading specialists and talented healthcare professionals in Egypt and encourage Egyptian medical talent living abroad to move back to Egypt

Employee training and career progression

Doctor and Specialists Cooperation

Employer of Choice in the Healthcare Sector

Encourage Egyptian Medical Talent Living Abroad to Move Back to Egypt

c. 2000 New Employment Opportunities

Supported by transfer of knowledge and best practices across the Combined Group

Source: Company websites and annual reports



# VI. Operational Synergies | *This combination to Result in Higher Efficiency and Profitability by Growing Patient Volumes and Realizing Synergies*



**Volume Driven Growth Strategy in Partnership with our Payor Stakeholders while leveraging the Combined capacity through collaboration and shared resources, in addition to clinical standardization to reduce cost and improve quality**



**Conclusion**



## Strategic Rationale

**Patient volume led growth strategy** – We expect to leverage the volume scale in partnership with insurance and credit payor stakeholders, which contribute c. 70% of Combined Group revenue, to grow the overall insured and credit market, and for many services, additional volume from the Combined Group enables the delivery of higher quality at lower cost to payors (adjusted for inflation). While the market currently still operates primarily in a fee-for-service model the Combined Group will have the financial capacity and scale to aid its payor stakeholders in the migration shift to value-based pricing and payments for their insured patients and risk-sharing models. In addition, the Combined Group intends to partner and grow with the Universal Healthcare Insurance system as it is rolled out across the Governorates to provide value-based high quality medical services.

**Capacity investment & expansion** – The Combined Group scale gives it access to lower cost capital funding for future capacity and medical technology investments. Individually CHG invested over EGP1bn and Alameda over EGP3.5bn in the healthcare sector in the last five years. The Combined Group volumes support the investment case for high value medical technologies supporting quality enhancements and patient outcomes. The volume growth is supported by new capacity additions expected to be opened in 2021-2022 by the Group in excess of 400 new beds.

**Improving quality & increasing efficiency** – The Group expects to leverage the combined capacity through collaboration and shared resources across its hospital base, while leveraging clinical standardization to improve quality and patient outcomes. Furthermore, for many hospital services, additional volume enables the delivery of higher quality care at lower cost (adjusted for inflation) which the combination intends to leverage on. With the incremental volumes the Group is able to invest in centres of excellence and segmenting the various facilities to address the requirement for comprehensive cross-specialty capabilities to address specific disease and health segments providing a more targeted service to improve health outcomes and value for patients.

**Employee & consultant doctor collaboration and training** - Continuation of investment in employee training and growth of employee base, improving collaboration with and enhancing the revenue opportunity for consultant doctors, and helping to reduce the “brain drain” in the medical sector through competitive salaries for medical and non-medical staff to retain talent in Egypt. In addition, the Combined Group will provide clear career progression opportunities for all staff - with the benefit of attracting administrative and managerial talent to continue the institutionalization and innovation in the healthcare sector.

**Scale benefits support investments in technology** - The combined scale will enable hospitals to make substantial investments in the clinical and administrative information technology infrastructure necessary to provide the type of integrated care in addition to the implementation of an electronic health record (EHR) system to improve access to data and analytics for improved care. Furthermore, the combined volume scale affords the Group to be able to leverage modern technologies in AI and machine learning to aid in the clinical decision making and improve overall patient quality of outcomes.

**Strategic investment to benefit all stakeholders with a focus on sustainable long term growth**



## Financial Rationale

**Scale enhancement** - The Combination will result in almost doubling CHG's pro-forma EBITDA for 2020 before considering Alameda's historic investment in new bed capacity expected to begin operation in Q1 2021. This enhanced scale will enable CHG to work with its institutional payor base representing c70% of the Combined Group revenue to grow the overall market with new products and risk bearing arrangements and continue providing high quality healthcare services while enhancing the quality of life of our patients and providing them with value for service.

**Enhanced growth profile** - Pro-forma annual organic growth to increase significantly with the addition of the Alameda assets due to the volume ramp up profile and new capacity additions in addition to CHG's own organic growth trajectory. Group's focus on volume growth is a key driver of the investment rationale to bring utilization levels of Alameda assets and continue to grow CHG's over time.

**Attractive profitability** - Room for margin improvement to bring Alameda assets to CHG's efficiency levels in addition to improved profitability related to scale, i.e., allocation of fixed costs over larger patient volumes as well as savings due to adoption of standardized clinical processes, which would lead to quality improvements. In addition to standardization of purchases (especially for imported consumables and medical capex), central warehousing and distribution of supplies for Group hospitals in a common system is expected to also reduce costs substantially to the benefit of the Group's patients

**Accretive to earnings** - The Transaction is earnings accretive and is expected to lead to substantial value growth supported by rapid deleveraging from the combined cashflows and a well invested asset base and strong volume growth from assets under construction leading to sustainable shareholder value growth. Alameda utilization and volume ramp up over the next 3 years as assets reach full maturity expected to more than double Alameda's EBITDA from FY 2020 levels. The valuation is attractive in absolute terms and on growth adjusted metrics with minimal dilution relative to the scale of the organic volume driven EBITDA growth opportunity pro-forma for the Combined Group.

**Incremental value creation from deleveraging** - The Combination is expected to result in strong future cash generation supported by Alameda's historic EGP 3.5bn capital expenditure program which has now been completed. Rapid deleveraging from the combined cashflow generation creates additional equity value. The Combined Group is expected to rapidly deleverage and prepay the Alameda debt facilities resulting in significant equity value accretion.

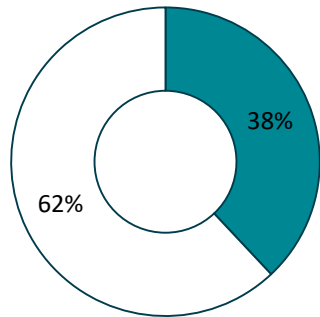
Strategic investment to benefit all stakeholders with a focus on sustainable long term growth



# Appendix

# CHG's Key Investor Information

## Shareholder Structure (December 2020)



■ Care Healthcare Limited (Malta) □ Free Float

## Care Healthcare Limited's DFI Shareholders

**KFW** DEG

DEG, the German Investment and Development Corporation, is a subsidiary of KFW, aiming at promoting business initiative in developing and emerging market countries as a contribution to sustainable growth and improved living conditions of the local population

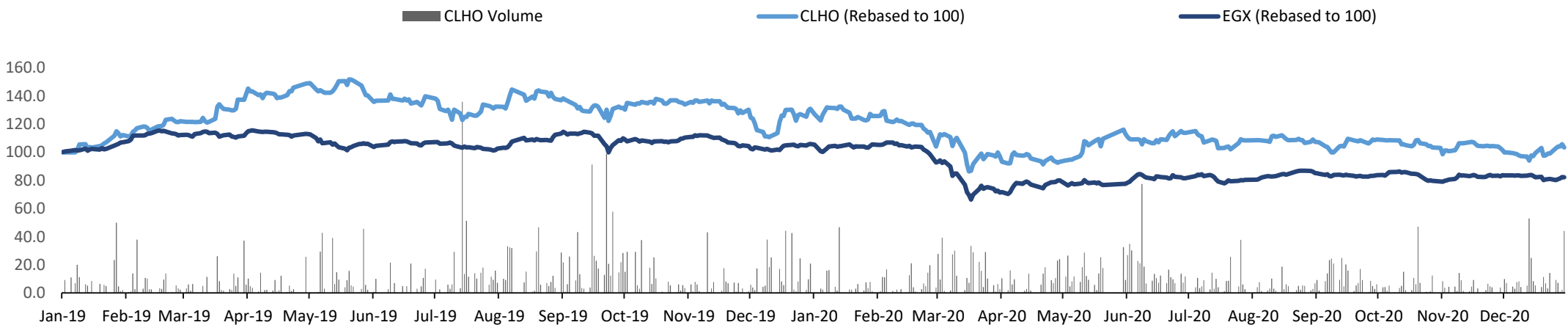
**PROPARCO**  
GROUPE AGENCE FRANÇAISE DE DÉVELOPPEMENT

A Development Financial Institution partly owned by Agence Française de Développement (AFD), which promotes private investment in developing countries to reach the Millennium Development Goals

**European Bank**  
for Reconstruction and Development

An international financial institution, which uses investment as a tool to build market economies, supporting the development in 30 countries from central Europe to central Asia

## CHG's Stock Price Performance



# Thank you

## INVESTOR RELATIONS CONTACTS

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

## SHAREHOLDER INFORMATION

EGX: CLHO.CA

Listed: June 2016

Shares Outstanding: 1.6 billion



**CLEOPATRA HOSPITALS**  
GROUP