



Cleopatra Hospitals Group Reports 2Q2021 Results

CHG reports strong revenue growth in 2Q2021 and 1H2021 supported by growing volumes and improving utilization rates across all its facilities; Healthy growth with margin expansions at all levels of profitability supported by the Group's volume-driven growth and management's optimisation strategy; CHG continues to lead the healthcare sector, pushing forward on all its longer-term strategic priorities as it prepares for a new phase of growth and value creation

2Q2021 Financial & Operational Highlights¹

EGP 643.6 million Total Revenue (+89% y-o-y)	EGP 239.5 million Gross Profit (+149% y-o-y) (37% margin vs 28% in 2Q20)
EGP 94.1 million Net Profit (vs EGP 14.0 mn in 2Q20) (15% margin vs 4% in 2Q20)	EGP 199.2 million Adjusted EBITDA ² (+251% y-o-y, 31% margin) EBITDA ³ : +292% y-o-y, 27% margin
+249,870 Cases Served ⁴ (+72% y-o-y) (+2% q-o-q)	

1H2021 Financial & Operational Highlights¹

EGP 1,276.8 million Total Revenue (+51% y-o-y)	EGP 480.7 million Gross Profit (+80% y-o-y) (38% margin vs 32% in 1H20)
EGP 202.0 million Net Profit (+98% y-o-y) (16% margin vs 12% in 1H20)	EGP 399.4 million Adjusted EBITDA ² (+107% y-o-y, 31% margin) EBITDA ³ : +115% y-o-y, 28% margin
+493,862 Cases Served ⁴ (+26% y-o-y)	

Cairo, 29 August 2021

Cleopatra Hospital Group S.A.E. (CLHO.CA on the Egyptian Exchange), Egypt's first and largest private hospital group by number of hospital beds and number of operating hospitals, reported today its consolidated results for the quarter and six-month period ended 30 June 2021.

2Q2021 Highlights

- **Revenue** expanded 89% year-on-year in 2Q2021 to record a new all-time high of EGP 643.6 million. The robust growth was supported by a 72% year-on-year increase in cases served during the quarter coupled with improving utilization rates, an increasingly optimised service mix, and the effective ramp up of the Group's newer revenue verticals. Despite 2Q2021 including the expected slowdown associated with the holy month of Ramadan and Eid vacation, patients served and consolidated revenue both expanded 2% compared to an already noteworthy first quarter of 2021.
- Top-line growth came on the back of **strong performances recorded by all of the Group's more established facilities** and was further **bolstered by remarkable results posted by the Group's polyclinics and COVID-19-dedicated facilities**, both of which continue to record robust demand during the quarter. It is worth noting that, COVID-19-related revenue made up less than 14% of consolidated Group revenue during the quarter.
- In line with CHG's diversification strategy, **all of the Group's verticals continued to deliver strong results in 2Q2021**. The Group's polyclinics vertical saw revenues more than triple versus the second quarter of last year, while

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.



revenues generated by CHG's outpatient pharmacy and diagnostic services expanded 128% and 63% versus 2Q2020, respectively. Both the outpatient pharmacy and diagnostics segments are continuing their steady ramp up, expanding 9% and 2% versus 1Q2021, respectively.

- **Solid growth and margin improvements** at all levels of profitability were supported by the Group's long-term efficiency enhancement strategy coupled with management's integration and optimisation efforts. The latter has been, and will continue to be, a key aspect of the Group's expansion strategy as it ensures that new assets begin generating value from the very beginning. Margins posted solid expansions on both a quarterly and year-to-date basis, recording in line with the Group's historical highs and long-term profitability targets.
- **Net profit** recorded EGP 94.1 million in 2Q2021 up significantly from the EGP 14.0 million net profit recorded in the comparable quarter of last year. Strong net profitability comes as the impressive top-line growth filtered down to the Group's bottom line thanks to management's cost control and optimization strategy which more than offset higher depreciation and impairments for the period. A strong second quarter saw net profit in 1H2021 reach EGP 202.0 million, the **highest half-year net profit on record** and nearly double the Group's 1H2020 bottom-line.
- In parallel, the Group has been making solid progress on all its **longer-term strategic priorities** to ensure it is well-positioned to capitalize on the post-COVID-19 rebound and drive its next phase of sustainable growth and development. On this front, CHG has been leveraging its proven position as a market innovator to advance **its digital transformation strategy which looks to embed the latest technology and digital tools in all aspects of the business**. This is allowing the Group to remain at the top of Egypt's healthcare industry while continuing to benefit from its **first mover advantage**, a key differentiator for the Group since inception. New solutions offered by the Group include home visits, virtual consultations, and a comprehensive mobile app. In the coming period, the Group is looking to capitalise on its extensive reach and patient base to further enhance its digital offering and capture the full potential offered by these solutions.
- CHG's first half performance has exceeded management's expectations, with the Group **on track to deliver on its revenue and profitability targets for the year**.

Half-year Summary Income Statement

EGP mn	1H2019	1H2020	1H2021	% change 1H2020 vs 1H2021	CAGR 1H2019-1H2021
Revenue	825.0	843.1	1,276.8	51%	16%
Gross Profit	284.9	267.4	480.7	80%	19%
<i>Gross Profit Margin</i>	35%	32%	38%	6 pts	
Adjusted EBITDA	217.4	193.4	399.4	107%	22%
<i>Adj. EBITDA margin</i>	26%	23%	31%	8 pts	
Net Profit	97.7	102.0	202.0	98%	27%
<i>Net Profit Margin</i>	12%	12%	16%	4 pts	

Chief Executive's Review

Cleopatra Hospitals Group continued to build on a strong start to the year, and **in the second quarter of 2021 posted another set of record-breaking results** supported by healthy volume growth. As in the previous quarter, **all of our facilities witnessed strong growth, with our more established hospitals recording their highest-ever revenue for a single quarter during 2Q2021**. Moreover, our consolidated performance was boosted by **remarkable results recorded at our polyclinics**, which continue to outperform our expectations, and at our two COVID-19-dedicated hospitals, which witnessed steady demand as the country tackled its third wave of infections during the second quarter.

Breaking down our results in more detail, I am delighted to report that in 2Q2021 we recorded revenues of EGP 643.6 million, up 89% year-on-year and a new record-high for the Group. What is perhaps even more impressive was our ability to deliver quarter-on-quarter growth of 2%, a particularly remarkable feat when considering that the second quarter included the expected slowdown associated with the holy month of Ramadan and Eid vacation. **Top-line growth was driven by a 72% increase in patients served versus last year** coupled with our ability to further improve utilisation rates and optimise our service mix across our facility network. During the second quarter, we served nearly 250,000 cases* across our nine facilities.





This is the highest second quarter figure ever recorded and signals a return to strong volume growth following the lows witnessed in the first part of last year. Meanwhile, **our diversification strategy is continuing to deliver noteworthy results**, as we recorded solid growth across all are business lines, from our core Hospitals vertical to our newer Polyclinics, Diagnostics, Pharmacy, and other verticals. More specifically, in 2Q2021 our polyclinics saw revenues grow by more than 200% compared to the second quarter of last year, while revenues generated by our outpatient pharmacies and diagnostic services expanded 128% and 63% versus 2Q2020, respectively. Further down the income statement, we **continued to record strong growth with expanding margins at all levels of profitability** as our Group-wide revenue growth and cost optimisation efforts continue to bear fruit. The impressive second quarter results saw us record EGP 1.3 billion in revenues for 1H2021, the **highest half-year revenue figure on record** and up 51% from our 1H2020 top-line. This translated into **record-high profitability for the six-month period**, with margins near their all-time highs.

Operationally, we continued to make solid progress on our multi-pronged growth and development strategy. During the second quarter of 2021, we pushed forward with the renovation of inpatient wards across all our facilities and worked to integrate Bedaya, our new IVF venture, into our operational frameworks. While Bedaya remains in its ramp-up phase due to the ongoing COVID-19-related restrictions on international patients, we are pleased with the venture's results thus far, which have seen recent run rates in line with its pre-pandemic levels and make a notable contribution to consolidated results from the very start. We are confident that as Bedaya is fully integrated into our proven operational model and its operations ramp up further, we will see its contribution to consolidated results continue to grow in line with the strong potential offered by the venture.

Meanwhile, we continued to deliver on our digital transformation strategy, a key area of focus for the Group and one which we are confident will be a main driver of sustainable growth in the coming period. Over the last few years, we have invested significant resources in digitalising all aspects of our operations, from the way our business is run, to the services we offer and how these services are delivered. These investments are already beginning to generate the expected results, with their impact on care quality, patient experience and reach set to increase further in the coming years. Moreover, our efforts on this front are allowing us to continue **leading the Egyptian healthcare industry's digital transition**, enabling the Group to benefit from first mover advantage, a crucial differentiator for CHG since inception. While I am proud of our progress in this strategic area, in the coming period we will continue to look for, and invest in, new digital tools that are capable of integrating within our business model and promote further improvements in our patients' experience and health while further optimising our operations. In parallel, we have recently expanded our IT and Digital Transformation departments with the addition of several key hires, whose extensive experience in the HealthTech sector will certainly play an important role in helping us commercialise our digital transformation initiatives.

Looking ahead, our priorities for the remainder of 2021 remain unchanged. On the one hand, we will continue to assist the Egyptian community during the ongoing pandemic by providing COVID-19-specific care at our two designated facilities. On the other hand, we will push forward on our longer-term growth plans focusing on all our **strategic priorities of diversified revenue growth, quality enhancement, digitalisation, capacity expansion and optimisation, and integration**. In particular, we are currently devising and starting to implement post-COVID-19 plans at El Katib and Queens Hospitals, expanding their service offering as we look to leverage their success over the last twelve months to drive growth well beyond the end of the COVID-19 pandemic. In parallel, we continue to assess potential opportunities to expand our geographic presence across our traditional Greater Cairo market and beyond, in line with our goal of providing high-quality and affordable healthcare to as many people as possible. All in all, I am delighted with our 2021 performance thus far, and I am **confident that we are well positioned to deliver further operational and financial growth in the second half of the year and beyond**.

Ahmed Ezzeldin
CHG Chief Executive Officer

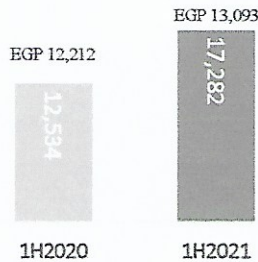


* Cases served includes number of in-patients, outpatient visits and ER visits.

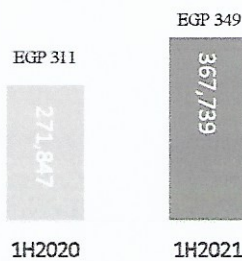


Operational Review and Strategy Updates

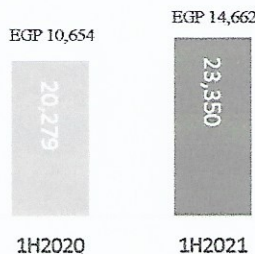
of Surgeries (Rev/surgery)



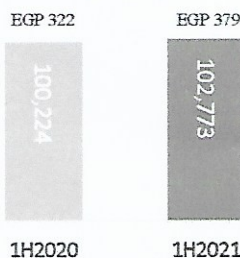
of OP Clinic Visits (Rev/visit)



of Inpatients (Rev/stay)



of ER Visits (Rev/visit)



In the first half of 2021, CHG’s short-term focus remained helping the Egyptian community combat the COVID-19 pandemic while leveraging the newly added centres of excellence and recently completed renovations to stimulate patient volumes across all our facilities and revenue verticals. On top of successfully delivering on both short-term priorities, the Group did not lose sight of its longer-term strategic objectives, continuing to make robust progress on all fronts and ensuring it is ideally positioned to capitalise on the post-COVID-19 rebound. The Group’s longer-term priorities include: diversified revenue growth, quality enhancement, digitalisation, capacity and geographical expansion and optimisation, and integration.

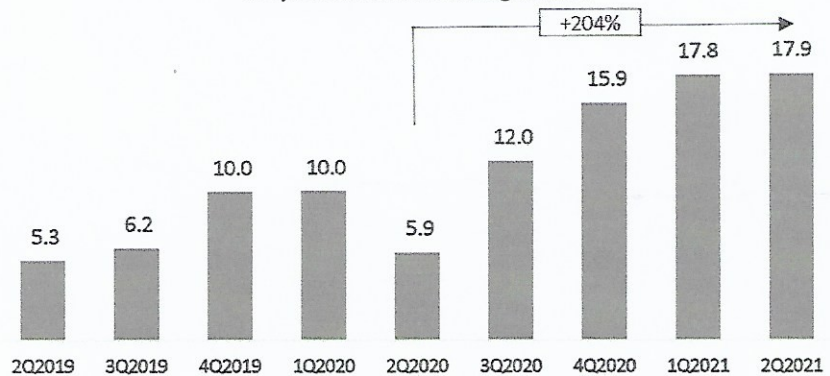
Revenue Stream Diversification

Polyclinics and Pharmacy

Over the last twelve months, the Group’s polyclinics have recorded strong growth, well above management’s expectations. The outperformance highlights the success of the Group’s polyclinics model which successfully caters to a growing demand from patients looking for comprehensive outpatient services supplemented by seamless referral capabilities to high-quality hospitals. During the quarter, volumes and revenues were up significantly at both the Group’s East and West Cairo polyclinics, with both facilities also helping to drive volumes and revenues across other CHG’s hospitals. This comes as the polyclinics generated EGP 10 million worth of referrals to the Group’s other facilities during the first half of 2021. The substantial referral revenue generated by the polyclinics is not only proof positive of the effectiveness of the Group’s feeder network strategy but plays a key role in enabling CHG to penetrate new segments of the population and expand its reach in currently underserved areas of the Greater Cairo area. In addition, the polyclinics are also helping to strategically position the Group as a leading provider of high-quality healthcare in high-end, patient-focused environments, and offer an ideal base from which to operate the Group’s new home visits service. In 2Q2021, the Group’s polyclinics recorded revenue of EGP 17.9 million, the highest figure on record and up 204% versus last year’s figure. This saw revenue for 1H2021 reach EGP 35.7 million, up 125% from the comparable period of 2020.

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.

Polyclinics Revenue Progression

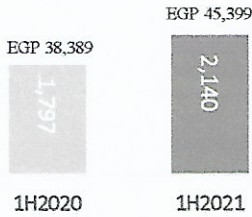


*Includes revenue generated by CHG’s East and West Cairo polyclinics and excludes revenue generated by CHG Pharma (Polyclinic Pharmacies) for each period.





of Catheterizations (Rev/catheterization)



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) and excludes Bedaya.

Diagnostics Services (Laboratory and Radiology)

In line with CHG revenue stream diversification and one-stop-shop model, the Group has been investing to further expand and streamline its diagnostics laboratory and radiology services. In the second quarter of the year, the Group performed 67% more laboratory tests and 52% more radiology tests than in the comparable quarter of 2020. This in turn drove a 90% year-on-year rise in laboratory revenues to EGP 76.4 million, and a 34% year-on-year increase in revenues generated by the Group's radiology segment, which recorded EGP 50.2 million in 2Q2021. On a year-to-date basis, tests performed increased by 37% at the laboratory vertical and by 31% at the radiology vertical versus 1H2020. This saw revenues at the laboratory segment expand 73% year-on-year to EGP 151.0 million, while revenues from radiology expanded to EGP 100.3 million, 61% above last year's figure. It is important to note that both verticals are delivering strong margins in line with the Group's averages.

Bedaya for Medical Services

Bedaya, CHG's new IVF venture, remains in its ramp up phase and in the second quarter of the year recorded revenue of EGP 10.4 million, up 6% from revenues generated in the first three months of 2021. The venture also generated an additional EGP 3.3 million in pharmacy revenue during the quarter. On a year-to-date basis, revenue stood at EGP 20.2 million, with an additional EGP 6.8 million coming from the venture's pharmacy reported under CHG Pharma. The Group is actively working to integrate the new facility into its operational frameworks with efforts thus far largely focused on creating a strong referral network with the wider CHG facilities network. During the second quarter of the year, Bedaya's performance continued to recover from the slowdown recorded in the first half of 2020 and has recently started recording run rates in line with its monthly pre-pandemic levels. Going forward, the venture is expected to generate yearly revenues of around EGP 100 million with an EBITDA margin of up to 35%. Management is also looking to leverage the venture's new branch in West Cairo (currently in the planning phase) and the addition of IVF-dedicated clinics across other CHG facilities to drive additional revenue growth and capitalise on the significant growth potential offered by Egypt's ART segment.

Digitalisation

CHG views digitalisation as a key driver of sustainable growth in the coming years. As such, the Group is investing significant resources in digitalising all aspects of its operations and offerings, from the way the business is run, to the services it offers and how these services are delivered. This is expected to generate sustainable growth in the coming years, driving up revenues while simultaneously enhancing profitability. From an operational point of view, the Group expects to record remarkable efficiency and care quality improvements from the complete digitalisation of its medical records, back office functions, and day-to-day management frameworks. This has been made possible by the adoption and implementation of CHG's HIS/ERP system, Clinisys, across its facilities. On the other hand, the expansions of CHG's digital medical offering and delivery capabilities are enabling the Group to remain at the top of the Egyptian healthcare sector while catering to the growing demand for HealthTech solutions. This also allows CHG to lead in the healthcare industry's digital transition, thus guaranteeing that it continues to benefit from the first mover advantage. On this front, a key differentiator is CHG's size and experience which enables the Group to adopt new technologies quickly and utilise the large amount of data from its growing patient base to optimise the new tools.

Clinisys

In the first half of 2021, the Group continued to make progress on the rollout of its Group-wide HIS/Enterprise Resource Planning (ERP) system. As at 30 June 2021, the new Clinisys HIS/ERP system had been rolled out at all of the Group's facilities except for El Katib Hospital, which is expected to operate under the new framework by year-end 2021.





Optimisation and Expansion of Capacity (Facilities Updates)

El Katib and Queens Hospitals

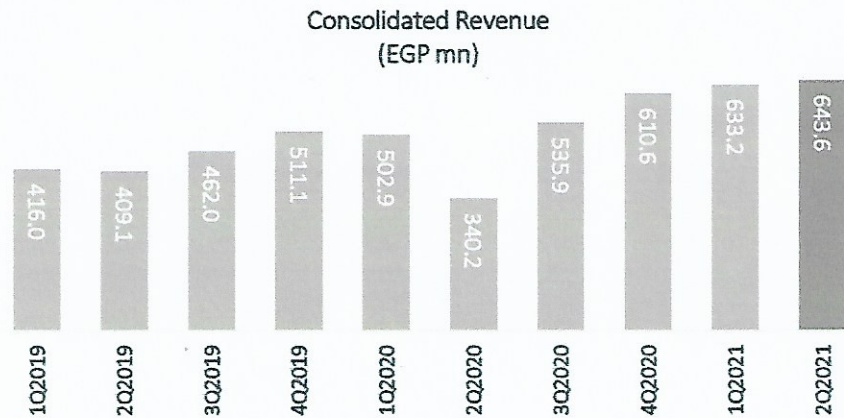
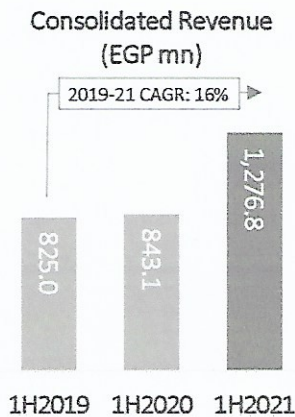
During the first six months of the year, both El Katib and Queens Hospitals have continued to operate COVID-19 treatment centres helping the country tackle its third wave of infections. The decision to transform the newly acquired facilities into COVID-19-dedicated centres was taken in May 2020 in response to growing demand from patients and to ensure that the Group's other facilities continue to operate safely. The decision has also proven highly effective in driving up utilisation rates at both facilities which would have otherwise remained in their planned ramp-up phases throughout 2020 and early 2021.

As both the country and CHG transition to a post-COVID-19 world, management is devising and beginning to implement plans to broaden the facilities' service offering and enable them to house new CoEs to complement the Group's current offering. While management will gradually implement this new strategy over the coming months, the facilities' number one short-term priority remains the treatment of COVID-19 patients. Management is confident that its proven business model and operational frameworks will enable it to swiftly adapt the two facilities' offering to continue generating substantial value well beyond the end of the COVID-19 pandemic.

Financial Review

Revenue

Consolidated revenues grew an impressive 89% y-o-y in 2Q2021, to reach EGP 643.6 million, the highest revenue ever recorded in a single quarter. The remarkable growth was supported by a 72% y-o-y increase in patients served coupled with improving utilisation rates, an increasingly optimised service mix, and favourable pricing. On a year-to-date basis, consolidated revenue reached a new record-high of EGP 1,276.8 million, up 51% versus 1H2020 and 55% versus 1H2019. During the six-month period, cases served expanded 26% y-o-y.



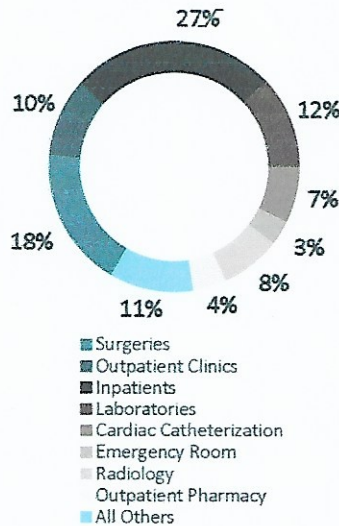
Detailed 2Q2021 Revenue Breakdown

On a by service basis, CHG's inpatient segment continued to make up the lion share of total revenues at 27% in 2Q2021. Revenue from inpatient services expanded 84% from last year supported by a robust increase in inpatients cases served in the three-months to 30 June 2021. The growth versus last year was partially driven by the Group's two COVID-19 treatment hospitals, which contributed by around 14% of the Group's revenue during the quarter as most patients visiting the two facilities required inpatient care. The year-on-year expansion was further bolstered by strong patient volumes at CHG's core facilities. Revenue generated by the surgery segment expanded 162% y-o-y and contributed to the second largest share of total revenue at 19%. The segment's revenue growth continued to

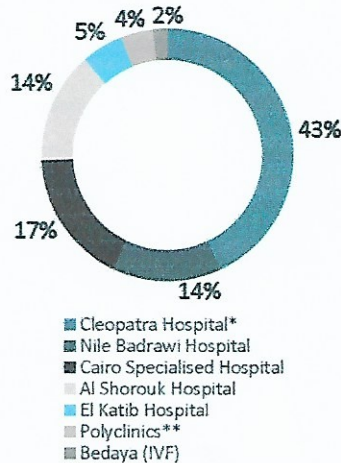




Revenue by Segment (2Q2021)



Revenue by Hospital (2Q2021)



*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)

be supported by an increasingly optimised case mix, the ramp up of the Group’s newer CoEs, improving utilization, and favourable pricing for the period. More specifically, the Group’s surgery segment reported a 17% y-o-y rise in average revenue per surgery as CHG continues to successfully leverage its CoE operational model to perform increasingly complex surgeries across its hospitals. Laboratory services made up 12% of total revenue making it the third largest contributor. This is up from the segment’s historical average contribution of around 9% and proves that success of the Group’s case mix optimisation and one-stop-shop strategies. During 2Q2021, the segment posted a solid 90% increase in revenues compared to last year, in line with management’s objective of ramping up the segment’s operations as it looks to diversify into complementary revenue streams to its traditional Hospital segment. Revenue generated by the Group’s outpatient services expanded 143% y-o-y and contributed to 10% of consolidate revenues in 2Q2021. During the quarter, the Group recorded a 94% increase in the number of outpatient visits performed versus the comparable three-month period of last year. The radiology segment saw revenues grow 34% y-o-y with the segment’s contribution to top-line standing at 8% in 2Q2021. Growth at the radiology segment is in line with CHG’s diversification strategy and one-stop-shop model. Revenues from catherization services increased 94% compared to 2Q2020, 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 7% for the quarter. Finally, the Group’s outpatient pharmacy services contributed to 4% of consolidated revenue for the three-month period having posted a 128% y-o-y rise in revenues in 2Q2021. While the impressive growth recorded by all segments partially reflects the low base effect due to the initial impact of COVID-19 on operations in the comparable quarter of last year, it is also important to note that across all segments, revenues in 2Q2021 stood well above those recorded in 2Q2019. This signals a full recovery from the lows of 2020 and the imminent return to CHG’s pre-crisis growth trajectory.

On a per hospital basis, Cleopatra Hospital, which includes revenues generated by Queens Hospital, recorded a 113% y-o-y rise in revenues in 2Q2021, with its contribution to consolidated top-line reaching 43% for the quarter. More specifically, the Group witnessed an 88% y-o-y expansion in revenues generated by Cleopatra Hospital, while revenues from Queens Hospital increased from EGP 11.1 million in 2Q2020 to EGP 53.7 million in 2Q2021. The significant increase in Queens Hospital’s revenue comes on the back of CHG’s decision to transform the facility into a COVID-19 isolation and treatment centre back in May of last year. Looking at CHG’s other facilities, Cairo Specialised Hospital (“CSH”) made the second largest contribution at 17% having recorded a 96% y-o-y increase in revenue for the quarter. Nile Badrawi Hospital (“NBH”) and Al Shorouk Hospital (“ASH”) each contributed to 14% of total revenue for the period, with revenues expanding 61% and 53% versus 2Q2020, respectively. El Katib Hospital’s contribution stood at 5% for the three-month period, as the facility’s top-line expanded 31% y-o-y supported by its transformation into a COVID-19-dedicated facility. Combined, the Group’s East and West Cairo Polyclinics, and CHG Pharma, contributed to 4% of total revenues in 2Q2021. Finally, CHG’s new IVF venture, Bedaya, contributed to 2% of consolidated revenues in the second quarter of the year, despite the Group only taking over the centre’s operations in the final quarter of 2020.





Revenue Progression by Facility



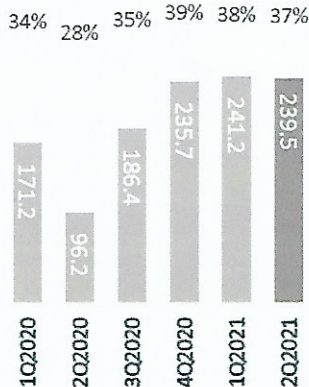
*Cleopatra Hospital includes contributions from Queens Hospital of EGP 11.1 million in 2Q2020 and EGP 53.7 million in 2Q2021.

**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 quarter reached EGP 404.1 million in 2Q2021, an increase of 66% from the comparable three months of last year. However, as a percentage of revenue, cost of goods sold declined significantly from 72% in 2Q2020 to 63% in 2Q2021. Medical supplies, which increased 98% y-o-y in 2Q2021, made up the largest share of total COGS for the quarter at 31%. Salaries and wages made the second largest contribution to consolidated COGS at 28% having increased 32% from 2Q2020. Finally, the Group's consulting physician fees more than doubled in 2Q2021 versus the same quarter a year ago, making up 24% of consolidated COGS. The year-on-year increase comes as the Group's overall volumes, and more specifically surgeries performed, rebounded from last year's lows. Despite the year-on-year growth, as a percentage of sales, direct salaries and wages declined from 25% in 2Q2020 to 17% in 2Q2021. Meanwhile, in 2Q2021 medical supplies to sales and consulting physician fees to sales stood largely unchanged at 19% and 15%, respectively. In 1H2021, total COGS expanded 38% y-o-y to record EGP 796.1 million. As a percentage of sales, COGS declined to 62% in 1H2021 from 68% in 1H2020.

Consolidated Gross Profit, GPM (EGP mn | %)



Gross Profit

Gross profit for the quarter expanded 149% y-o-y to EGP 239.5 million in 2Q2021. Impressive top-line growth for the quarter coupled with management's effective efficiency enhancement efforts saw the Group's gross profit margin expand nine percentage points to 37% for 2Q2021. On a by hospital basis, Cleopatra Hospital, which continues to include Queens Hospital's results, contributed to 54% of the Group's gross profit for the quarter. Individually, Cleopatra Hospital made up 42% of total gross profit for the quarter, while Queens Hospital made a 12% contribution for the period. Meanwhile, CSH contributed to 15% of consolidated gross profit followed by ASH at 12% and NBH at 11%. El Katib Hospital's contribution to consolidated gross profit for the quarter stood at 5%. In 1H2021, gross profit was up a remarkable 80% y-o-y recording EGP 480.7 million with an associated margin of 38% versus 32% in 1H2020.

G&A Expenses

General and administrative (G&A) expenses consist of the company's non-medical staff costs, including those of senior management, commercial expenses, 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 increased





35% y-o-y in 2Q2021 to EGP 108.4 million. In 1H2021, G&A expenses reached EGP 202.0 million, up 34% versus last year.

During the quarter, CHG booked EGP 1.7 million in provisions, unchanged from last year, and 80% lower than the previous quarter. On a year-to-date basis, provision recorded EGP 11.3 million versus the EGP 5.6 million booked in the same six months of last year. The increase in year-to-date provisions is largely attributable to additional redundancy costs incurred in 1Q2021 related to the outsourcing of certain facility management jobs to the Group's new facility management venture, EHFS. Meanwhile, impairments for the quarter recorded EGP 27.6 million versus the EGP 13.0 million in impairments recorded in the comparable quarter of last year. In 1H2021, impairments recorded EGP 39.6 million versus EGP 26.0 million in 1H2020. The year-on-year increase recorded in 2Q2021 comes as the Group decided to impair its accounts receivables from its default clients as a one-time cost during the period. Going forward, the Group expects to book impairments in line with its historical levels as its efforts to improve its collection cycle and adopt a new revenue cycle management framework continue to bear fruit.

EBITDA

CHG's adjusted EBITDA, factoring out acquisition expenses, impairments, provisions, the LTIP's non-cash charge, pre-operating expenses and contributions from other income, expanded 251% y-o-y in 2Q2021 to EGP 199.2 million, with an associated margin of 31% versus 17% in the comparable period of 2020. Meanwhile, CHG' EBITDA, which does not adjust for impairments booked in the quarter, recorded a 292% y-o-y expansion in 2Q2021 with an associated margin of 27% versus 13% in 2Q2020. On a year-to-date basis, adjusted EBITDA more than doubled year-on-year to record EGP 399.4 million with a margin of 31% versus 23% last year. EBITDA expanded 115% y-o-y in 1H2021 with a margin of 28% compared to 20% last year.

Net Profit

CHG's consolidated net profit recorded EGP 94.1 million in 2Q2021, up remarkably from the EGP 14.0 million recorded in 2Q2020. Net profit margin increased to 15% in the quarter from 4% last year. Robust net profitability comes as comes as the Group's impressive top-line growth for the quarter filtered down to its bottom-line thanks to management's cost control and optimization strategy which more than offset higher depreciation and impairments for the period. It is important to note that this quarter's figure also reflects the new accounting standards for long-term rental contracts (CHG's polyclinics and Queens Hospital) which resulted in additional interest expenses of EGP 6 million in 2Q2021 (EGP 11 million for 1H2021).

On a year-to-date basis, CHG recorded a net profit of EGP 202.0 million, nearly double last year's first-half bottom-line and with an associated margin of 16% versus 12% last year.

CAPEX

Total CAPEX outlays stood at EGP 127.7 million as at 30 June 2021 including down payments for CAPEX purchases not yet delivered.





ABOUT CLEOPATRA HOSPITALS GROUP S.A.E.

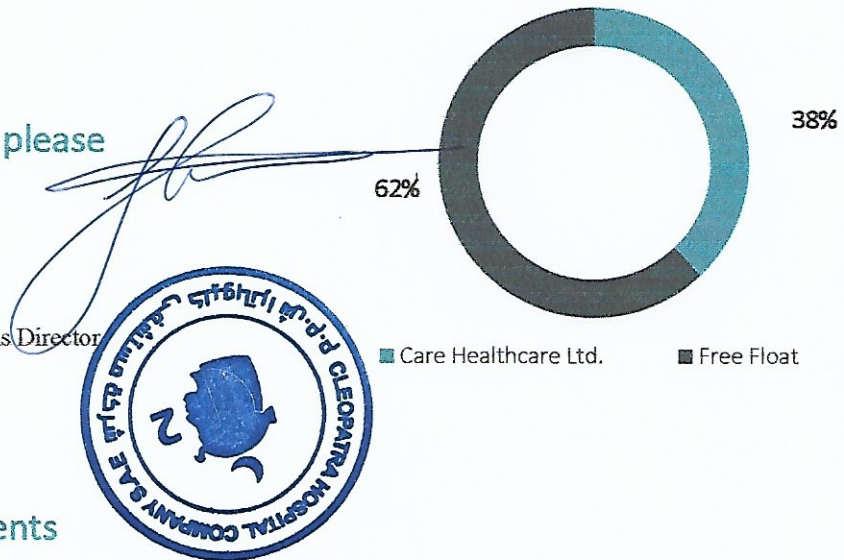
The Group is the largest private hospital group in Egypt by number of hospital beds and number of operating hospitals. The company holds majority stakes and operates six leading hospitals in the Greater Cairo Area: Cleopatra Hospital, Cairo Specialized Hospital, Nile Badrawi Hospital, Al Shorouk Hospital, 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 30 June 2021)



For further information, please contact:

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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	2Q2021	2Q2020	% change	1H2021	1H2020	% change
Revenues	643.6	340.2	89%	1276.8	843.1	51%
Cost of sales	(404.1)	(244.0)	66%	(796.1)	(575.7)	38%
Gross profit	239.5	96.2	149%	480.7	267.4	80%
<i>Gross Profit Margin</i>	37%	28%		38%	32%	
General & administrative expenses	(108.4)	(80.5)	35%	(202.0)	(150.5)	34%
Cost of acquisition activities	(1.6)	(4.9)	-69%	(6.9)	(4.9)	39%
Provisions	(1.7)	(1.7)	N/A	(11.3)	(5.6)	103%
Other income	1.0	2.1	-53%	7.2	3.9	85%
EBIT	128.8	11.2	N/A	267.7	110.3	143%
<i>EBIT Margin</i>	20%	3%		21%	13%	
Interest income	13.6	13.9	-2%	26.2	32.2	-19%
Interest expense	(9.2)	(0.6)	N/A	(15.2)	(1.2)	N/A
Profit before tax	133.2	24.5	443%	278.7	141.3	97%
<i>PBT Margin</i>	21%	7%		22%	17%	
Income tax	(40.6)	(9.8)	314%	(78.0)	(39.5)	98%
Deferred tax	1.5	(0.7)	N/A	1.3	0.2	N/A
Net profit after tax	94.1	14.0	571%	202.0	102.0	98%
<i>Net Profit Margin</i>	15%	4%		16%	12%	
<u>Distributed as follows:</u>						
Shareholders of the company	90.6	18.5	389%	191.9	100.6	91%
Minority rights	3.5	(4.5)	N/A	10.1	1.4	N/A
Profit for the period	94.1	14.0	571%	202.0	102.0	98%

Consolidated Statement of Comprehensive Income

All figures in EGP mn	2Q2021	2Q2020	% change	1H2021	1H2020	% change
Net Profit	94.1	14.0	571%	202.0	102.0	98%
Other comprehensive income	0.0	0.0	-	0.0	0.0	-
Total comprehensive income for the year	94.1	14.0	571%	202.0	102.0	98%
<u>Total comprehensive income attributable to:</u>						
Owners of the company	90.6	18.5	389%	191.9	100.6	91%
Non-controlling interest	3.5	(4.5)	N/A	10.1	1.4	N/A
Total comprehensive income for the year	94.1	14.0	571%	202.0	102.0	98%



Consolidated Statement of Financial Position

All figures in EGP mm	31 December 2020	30 June 2021
Non-current assets		
Fixed assets	1,205.2	1,271.7
Intangible assets	427.6	426.6
Right of use	18.8	186.6
Payment under investment	-	5.7
Investment in associates	1.1	1.2
Total non-current assets	1,652.7	1,891.8
Current assets		
Inventory	66.3	63.3
Accounts receivables	418.8	421.3
Other receivables and debit balances	94.6	82.2
Due from related parties	0.4	0.6
Treasury bills	220.6	129.0
Cash	330.0	614.4
Total current assets	1,130.5	1,310.8
Total assets	2,783.3	3,202.6
Equity		
Share capital	800.0	800.0
Treasury Shares	-	(46.6)
Reserves	281.3	292.3
Retained earnings	984.9	1,074.6
Equity attributable to the parent company	2,066.2	2,120.3
Non-controlling interest	107.7	107.4
Total equity	2,173.9	2,227.7
Non-current liabilities		
Long-term investments creditors	17.9	24.9
Long-term debt – non-current portion	-	-
Non-current portion of lease liability	8.0	186.4
Deferred tax liability	77.9	76.6
Total non-current liabilities	103.8	287.8
Current liabilities		
Provisions	21.6	22.4
Creditors and other credit balances	442.0	431.6
Due to related parties	0.6	-
Current Portion of Borrowings	-	138.4
Current portion of lease liability	5.3	32.4
Long term incentive plan	-	-
Current income tax	36.1	62.2
Total current liabilities	505.5	687.0
Total liabilities	609.3	974.8
Total liabilities & shareholders' equity	2,783.3	3,202.6





Consolidated Statement of Cash Flow

All figures in EGP mn	30 June 2020	30 June 2021
<u>Cash flow from operating activities:</u>		
Profit before tax	141.3	278.7
<u>Adjustments for:</u>		
Depreciation	40.2	54.5
Amortization of intangible assets	-	7.9
Allowance for impairment of current assets	25.6	55.0
Provision	(0.0)	0.8
Capital gain/loss	(0.7)	(0.0)
Credit/debit interest	(31.0)	(11.1)
Changes in current tax liability	(82.8)	(51.9)
Gain/loss in investments in subsidiaries	-	(0.1)
Employee incentive	7.8	-
Operating profits before changes in assets and liabilities	100.3	333.9
<u>Changes in working capital:</u>		
Changes in inventories	(13.8)	2.8
Change in trade receivables, debtors, and other debit balances	(7.1)	(30.4)
Changes in due from related parties	1.5	(0.8)
Change in trade and other payables	(19.2)	(9.9)
Paid from employee incentive plan	(136.8)	-
Change in lease	-	(16.2)
Net cash flows generated from operating activities	(75.2)	279.4
<u>Cash flow from investment activities:</u>		
Proceeds from sale of fixed assets	0.7	0.2
Payments for purchase of fixed assets	(37.3)	(34.4)
PUC purchased	(121.2)	(86.9)
Advanced payments for purchase of fixed assets	(37.8)	(6.7)
Payments for acquisition of a subsidiary, net cash acquired	(6.6)	-
Payments under investment	(35.5)	(305.7)
Credit interest collected	34.0	20.7
Treasury bills	50.1	-
Paid under subsidiaries capital increase	-	-
Paid for investment associates	-	-
Net cash flow from investment activities	(153.8)	(412.7)
<u>Cash flow from financing activities:</u>		
Proceeds from minority share in subsidiary capital increase	-	-
Treasury Shares	-	(46.6)
Dividends paid	(48.9)	(47.2)
Repayment of borrowings	-	-
Cash proceed from overdraft	-	219.3
Cash paid to overdraft	-	(80.8)
Interest paid	(1.2)	(16.2)
Net cash flow from financing activities	(50.0)	28.5
Net change in cash & cash equivalents during the period	(279.0)	(104.8)
Cash and cash equivalents at the beginning of the period	791.3	550.5
Cash and cash equivalent in acquired subsidiaries at beginning of period	-	-
Cash & cash equivalents at the end of the period	512.3	445.7

