



CLEOPATRA HOSPITALS
GROUP

Cleopatra Hospital Company

Investor Presentation 1Q19

At a Glance: Revolutionizing Egypt's healthcare industry

Cleopatra Hospital Group (CHG) is Egypt's largest private hospital group by number of its hospital beds and operating hospitals.

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.

Since inception, we have been able to consistently evolve and adapt to changing market dynamics to remain at the industry's forefront. **We have expanded our asset base and product offering, integrated our platform to achieve higher efficiencies, all while putting our patients' and their families' needs first** every step of the way.

At a Glance: CHG financial highlights

In 2018, CHG reported solid year-on-year growth in both its top and bottom line, with the Group generating revenue growth from **all four of its operating hospitals**

In 2019 revenues are **expected to continue delivering strong growth** as the Group's expansion efforts begin to bear fruit over the coming quarters.



EGP **125.2** mn
EBITDA² in 1Q19 with a
30% margin



EGP **416.0** mn
Consolidated revenues in 1Q19 with
20% growth y-o-y



31%
Gross profit growth
From EGP 117.3 mn in 1Q18 to EGP
154.2 mn in 1Q19



35%
EBITDA² growth y-o-y
Recording EGP 125.2 mn in 1Q19



235,544¹
Cases served in 1Q19



↑0.1%
y-o-y growth in cases served
in 1Q19

¹ Cases served includes number of in-patients, outpatient visits and ER visits.

² EBITDA, Earnings before Interest, Tax, Depreciation and Amortization adjusted for provisions, impairments, LTIP, acquisitions expenses and excluding contributions from other income.

At a Glance: CHG facilities and staff

Cleopatra Hospital Company, is the largest private hospital group in Egypt and consists of **four operational hospitals all in Cairo**, namely:

Cleopatra Hospital

Cairo Specialized Hospital

Nile Badrawi Hospital

Al Shorouk Hospital

During the last few months, the Group further expanded adding:

Queens Hospital (part of CHG as of March 2019)

Al Katib Hospital (pending transfer of operations)



4 (2018) + 2 (2019¹)

Operational hospitals across our platform



2 Polyclinics

East Cairo polyclinic is operational as of February 2019. While West Cairo Polyclinic will kick off before H1 2019



643 (4 hospitals) + 50 (Queens) + 89 (Al Katib¹)

Patient beds including c. 420 wards and 125 ICU beds Plan to reach **1,200 beds**



1,000

Consultant Physicians attracted from the top 2 Medical Universities

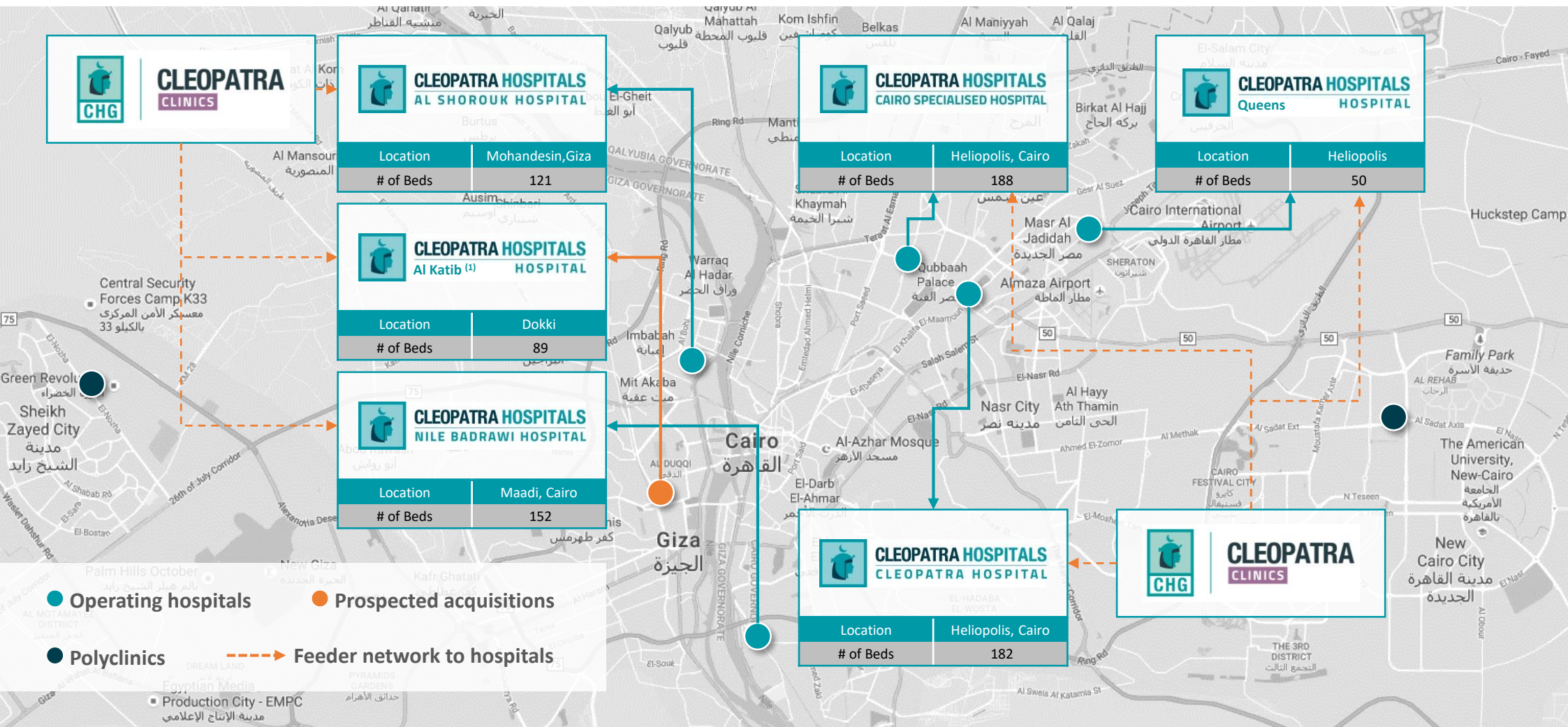


+2,400

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

¹ Al Katib hospital acquisition is subject to final closing

At a Glance: A network of hospitals located strategically across greater Cairo



Note (1): Al Katib hospital acquisition is subject to final closing
 Note (2): expected to increase to 108 beds post expansion

Clearly Defined Growth Strategy



Our growth strategy is based on six key pillars:

Integrating the platform to achieve higher efficiencies



Build up and exploitation of Cleopatra unified brand in marketing and sales



Enhancing utilization and optimizing existing capacity



Leveraging stronger position with credit clients and suppliers



Expanding hospital capacities and feeder network



Establish centers of excellence and achieve international accreditation



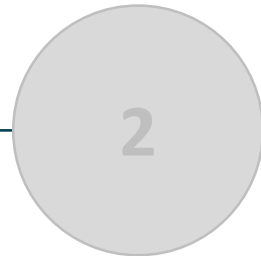
Key Investment Highlights



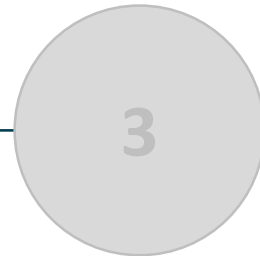
Key Investment Highlights



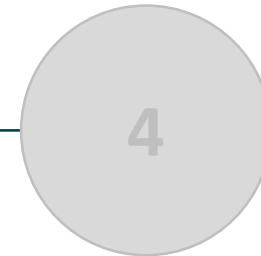
Underserved and under-penetrated market with steady demand growth



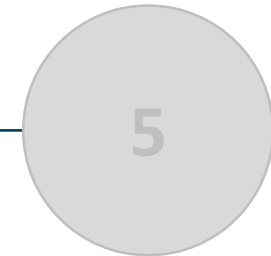
Leading position in a highly fragmented market



Leverage on integrated platform and scale to extract synergies



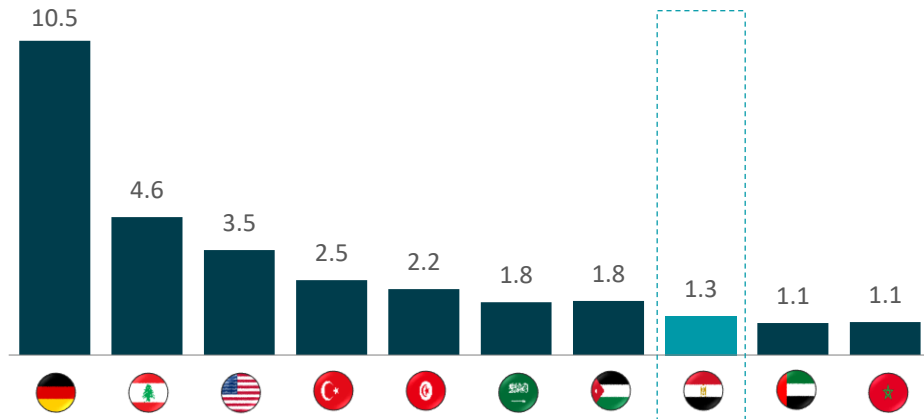
Solid financial performance with potential for enhanced profitability



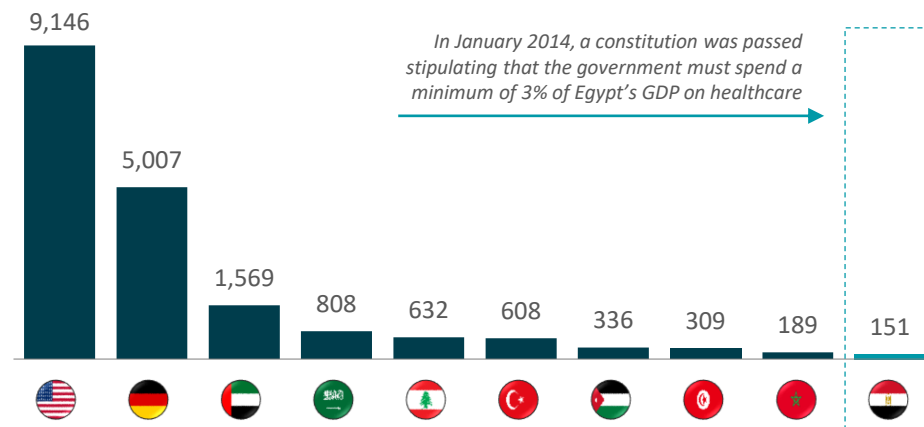
Strong management team with experienced board of directors

Supply Gap in Egyptian Healthcare Industry

Hospital Beds (/1,000 people) | 2017

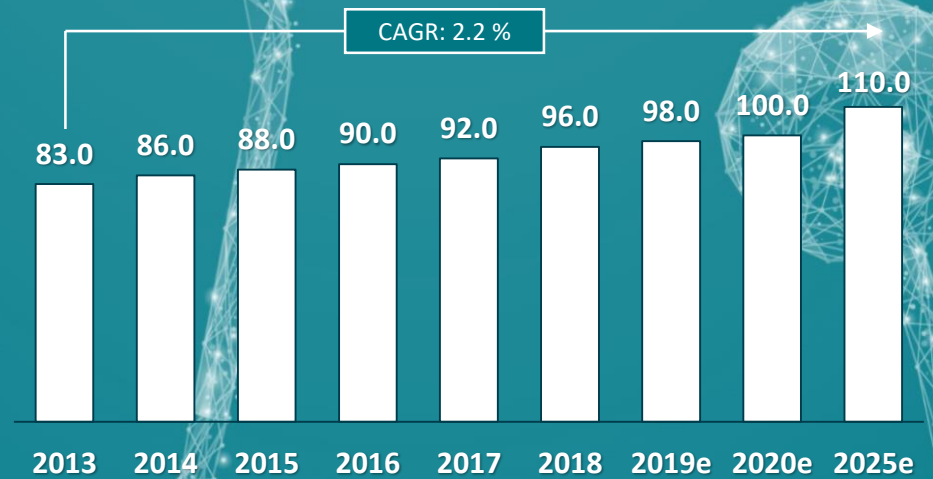


Healthcare Expenditure per Capita (USD) | 2017



Sources: World bank, Business Monitor International (BMI), CAPMAS, FROST & SULLIVAN

Population (millions)



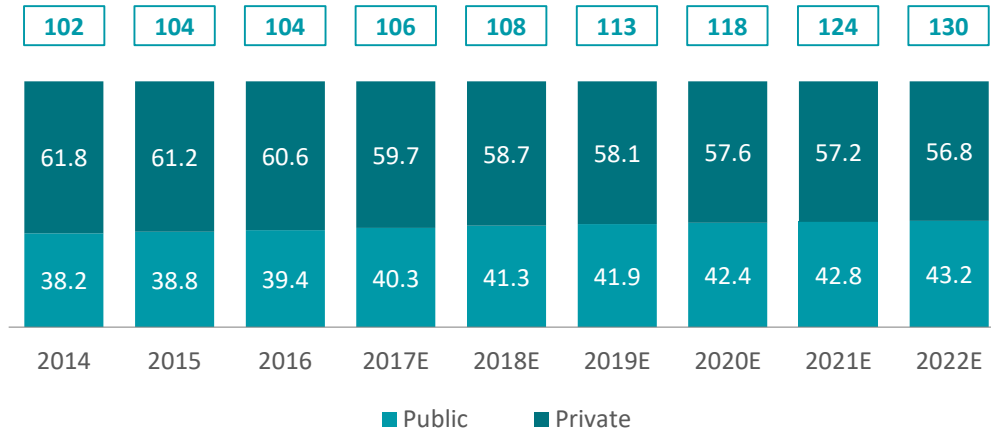
Based on a steady growth in Egypt's population of c. 2.2% p.a., the total population is expected to reach approximately 110 million people by 2025.

Egypt's healthcare industry remains underserved in terms of hospital beds/1000 citizens as well as healthcare expenditure per capita

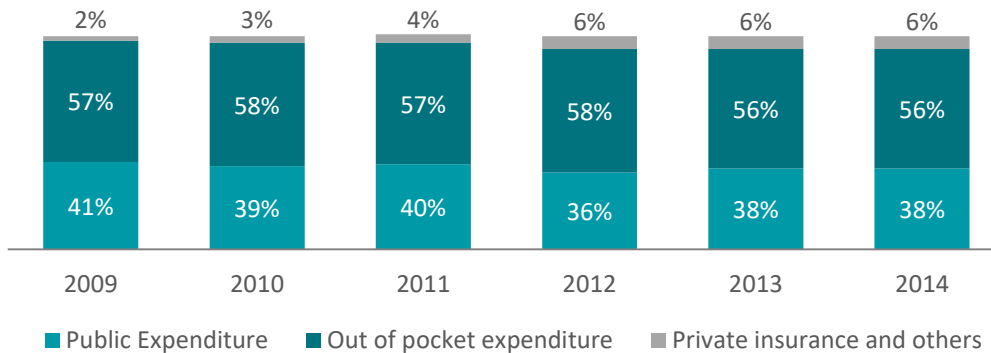
This supply gap creates a significant potential upside for Egypt's healthcare industry as government reforms are implemented to allow affordable healthcare for every Egyptian

Healthcare Expenditure in Egypt

Public vs. Private Healthcare Expenditure | EGP bn

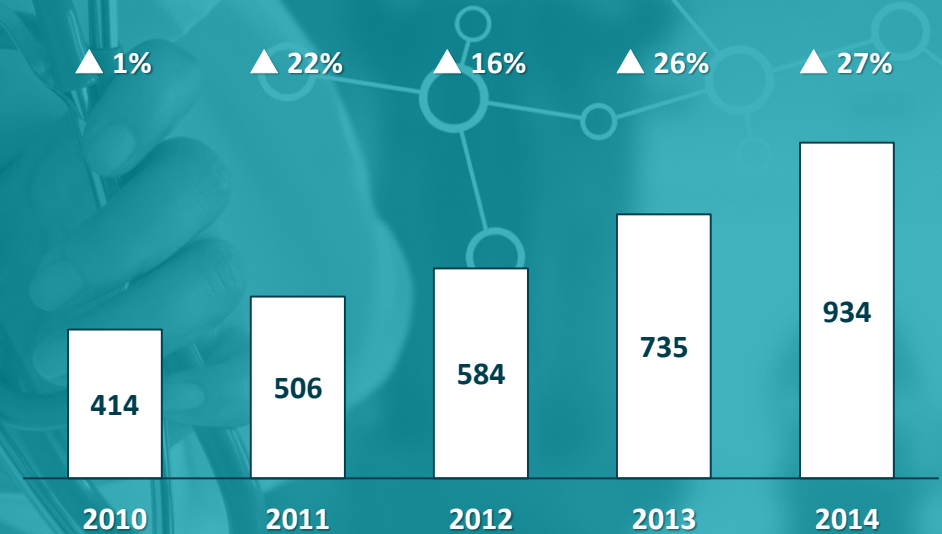


Healthcare Expenditure Contribution by Payment Channel | %



Sources: CAPMAS, FROST & SULLIVAN

Total value of healthcare insurance premiums | EGP mn

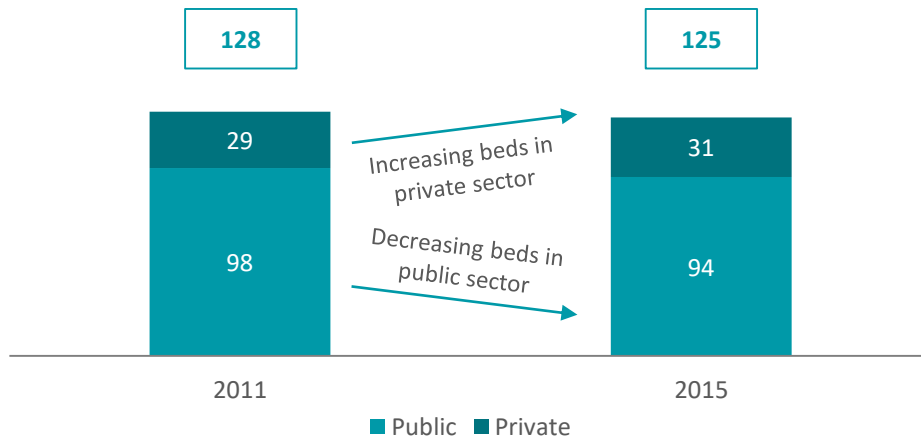


Out of pocket expenditure made up the lion's share of payment, at 56% of total healthcare expenditure in 2014

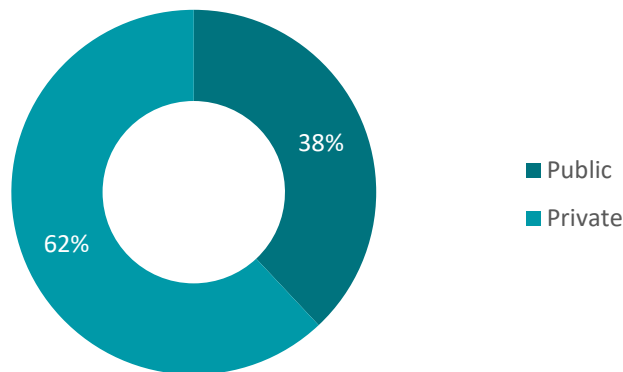
Due to pressure from middle income families that desires proper medical coverage from private sector, an increasing trend of health insurance coverage as % of total health expenditures exists in the market

Healthcare Demand in Egypt

Number of Hospital Beds – Public and Private Sectors (2011-2015)

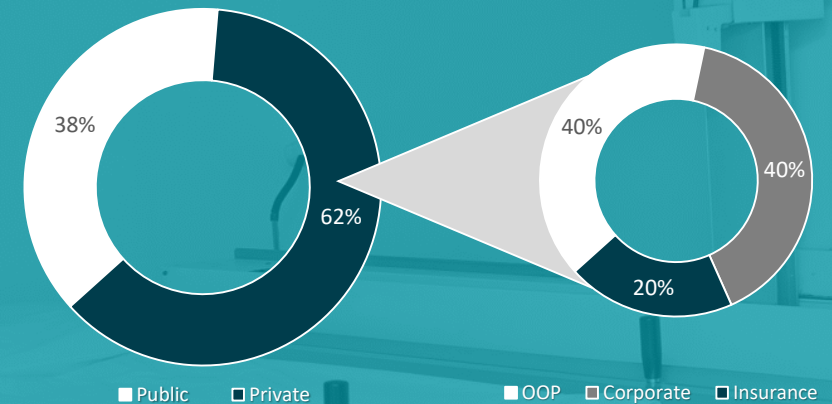


Distribution of healthcare expenditure



Sources: FROST & SULLIVAN

Distribution of healthcare expenditure



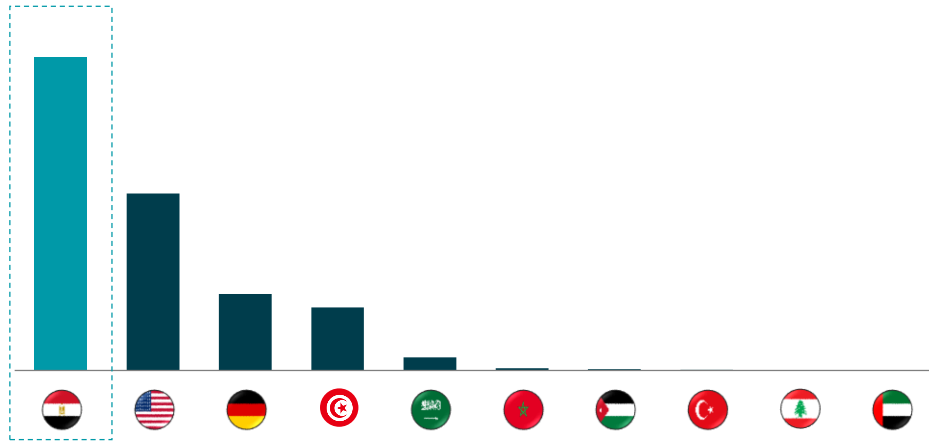
Insurance and Corporate spending account for approximately 60% of the private healthcare expenditure, strengthening the demand for healthcare services in Egypt

Due to the steady fall in the number of beds in the public sector, creating decreasing trend of public sector number of beds, demand arise for private sector hospital beds to account for the gap

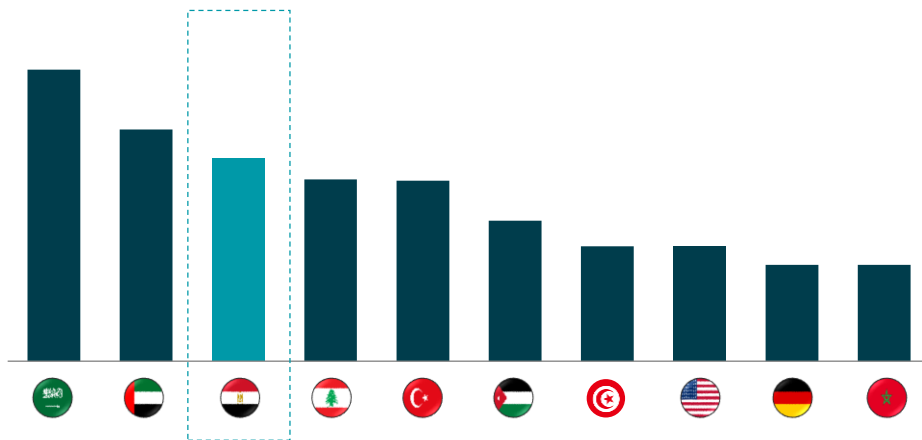
Greater Cairo acquires around 38% of private patient health services

Lifestyle Disease Profile in Egypt

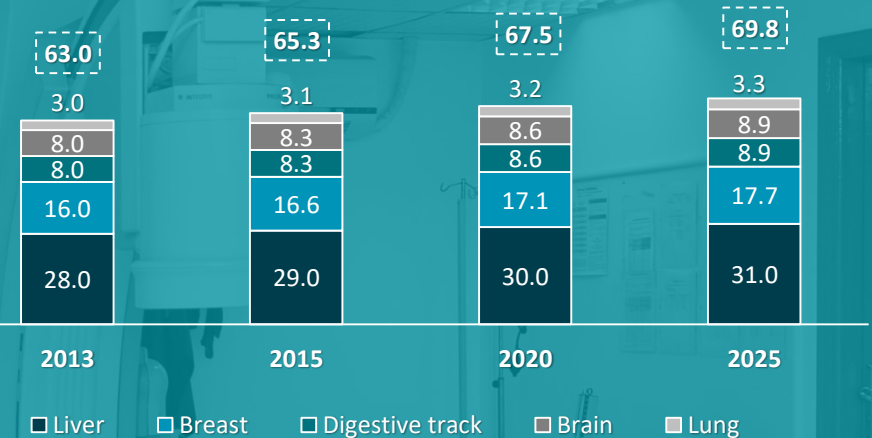
Hepatitis C Prevalence (000 cases) | 2012



Diabetes Prevalence in the 20-79 Age Group | 2013



Cancer Prevalence in Egypt | 000 cases



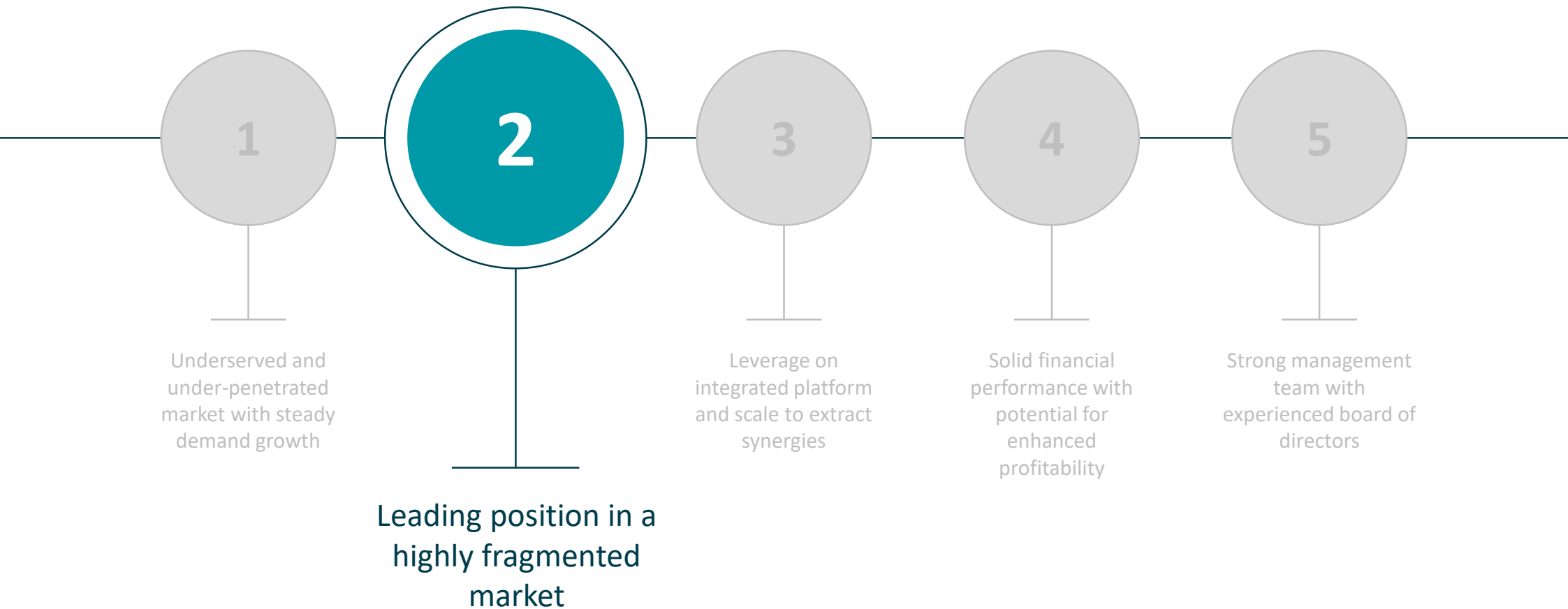
Chronic diseases such as Hepatitis C, Diabetes and Obesity have an above average prevalence in Egypt, driving the market demand for CHG's services

Total cancer cases in Egypt are expected to increase by 50% from 2013 to 2025. Less than 1% of the total IP cases are admitted into public sector

Dialysis and renal failure admissions in public hospitals has increased by 16% p.a. between 2010 to 2013

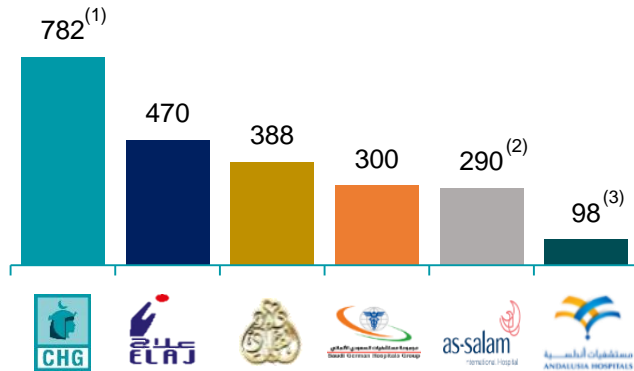
Orthopedic cases also grew on the back of a 4% p.a. increase in road accidents 3% pa for bone cancer surgeries

Key Investment Highlights

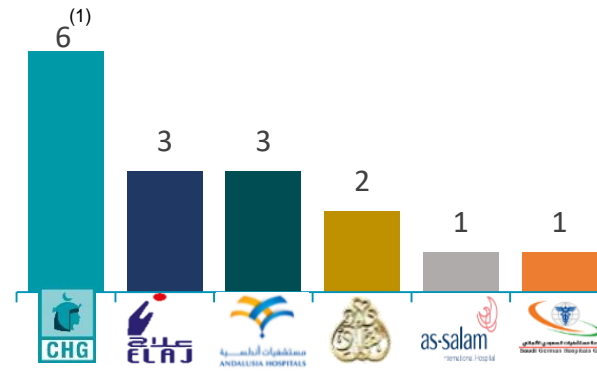


Leading Position in a Market with High Barriers to Entry

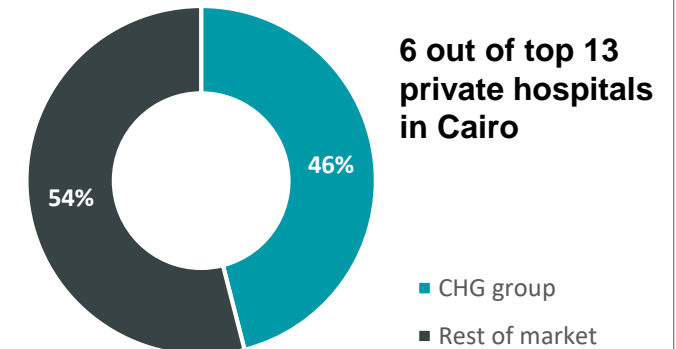
Largest institutional hospital group in Egypt by number of beds...



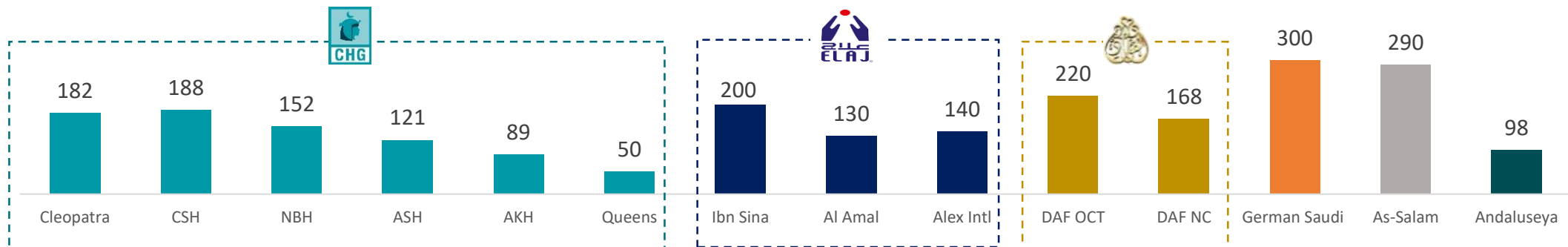
...And by number of hospitals(1) ...



Capturing the largest share of the top 15 large private hospitals in Cairo

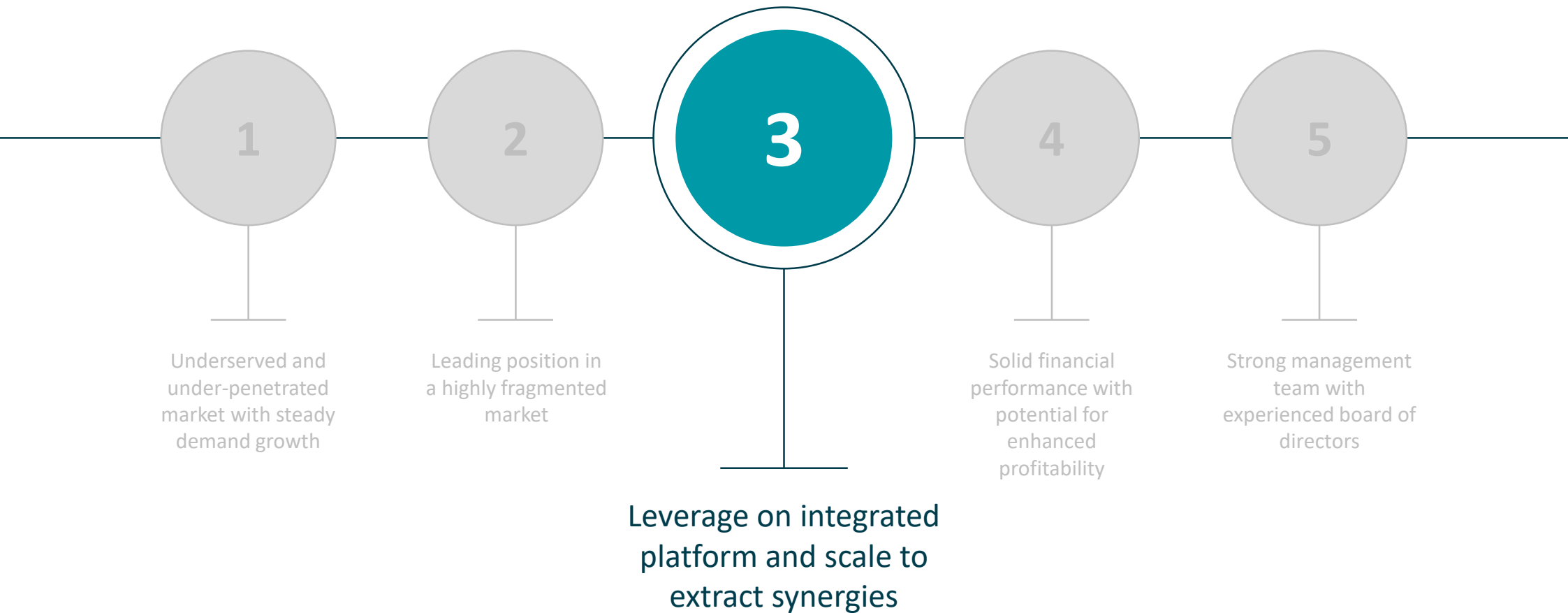


Top Private Hospitals in Cairo - Existing Number of Beds (2018)










Note (1): No. of beds includes Al Katib hospital which is subject to closing; Note (2): Dar El Fouad and As Salam are owned by one entity, Alameda; Note (3): Andalusia group has 3 hospitals that are all less than 100 beds each, two of which are in Alexandria and 1 in Cairo. Note (2): ELAJ Group targets lower class segments. Note (3): The hospital groups shown above represents the hospitals with the highest number of beds

Key Investment Highlights

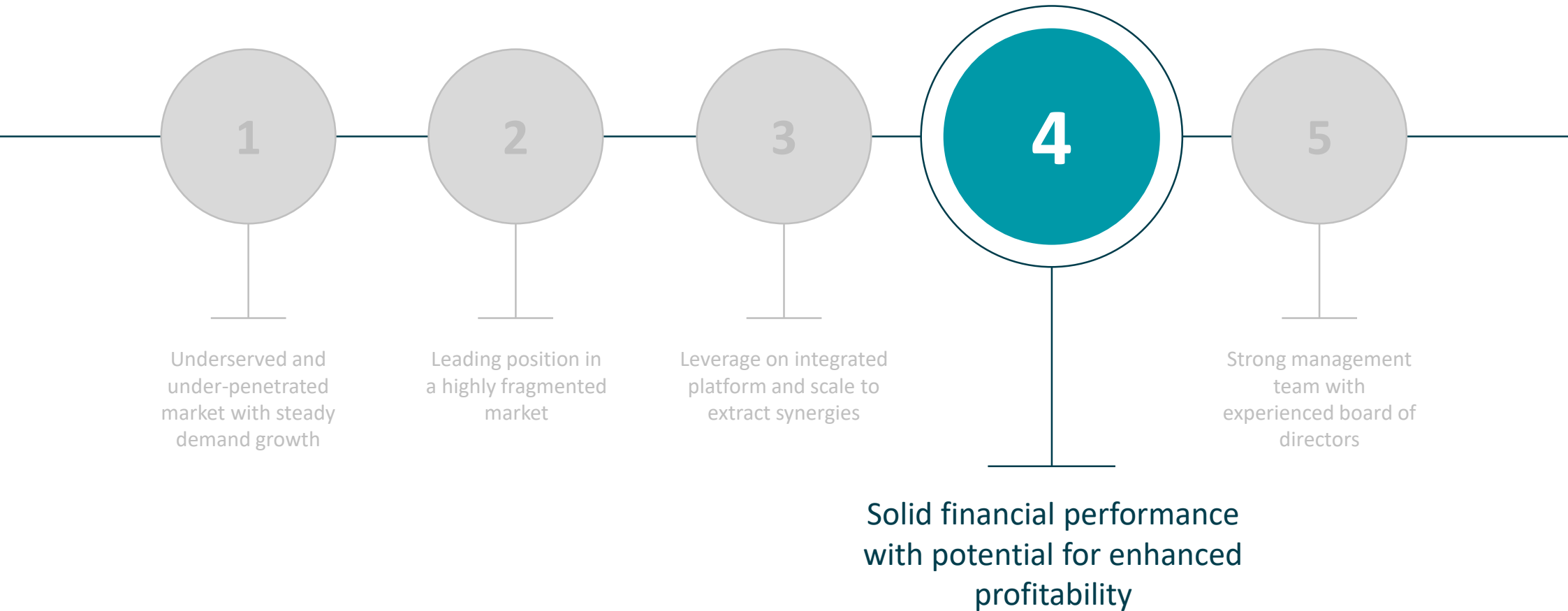


CHG's Integration model



Integration, Optimization of Operations											Effect on CHG	
	Institutionalizing the Group	Corporate Governance	Centralized Corporate Office	Unified Authority Matrix	Expansion Strategy	Umbrella Brand Name for Each Individual Group	Unified Pricing & Positioning Strategy	Unified Financial Sops & Reporting	Value Creation Plans	Optimize operations and management		
	Human Resources	Standard Organizational Chart / Matrix Org	Salary Scale Exercise	New Incentive Schemes	Health Insurance Schemes	Training & Development Programs	Employee Satisfaction Surveying	Profit Share Schemes	Appraisal System	Standardize and improve quality		
	Supply Chain & Synergies	Group Wide Tenders	Item Unification	Consumables Unification	Standard Warehousing	Medical Capex Across Group	Medication Tendering And Management	Material Planning		Enhance margins		
	Infrastructure / Technology Upgrade	HIS/ERP System Roll Out	Pacs System	Facelifts	COEs Equipping	OR Renovations	Electromechanical Upgrades	ICU Upgrades And Extensions	Diagnostics & Auxiliary Units Upgrades	New Cath-labs		Stronger bargaining power
	Business Development	One Stop Shop	COEs	Drug Formulary	Cross Asset Referrals	Doctor Engagement & Referrals	Unified Insurance & Corp Deals	Revenue Cycle Management	Surgical Packages	Enhancing Case Mix		Establish Partnerships with leading companies
	Quality	CHG Medical Council	JCI Roadmap	Unified Sops & Hospital Manuals	Standardized Quality Kpis	Catering & Kitchen Upgrades	Specialty Club Meetings	Nurse & Medical Teams Training Programs		Attract high qualified medical staff		
	Optimize Capacity and Patient Flow	Centralizing Non-core Functions	Unified Call Centre	Unified & Integrated Ambulance & ER Protocols	Utilization Enhancement Across All Segments	Medical Tourism	OPD Slot Management	ICU Bed Additions		Establish Centers of Excellence		
												Shared cost benefits
												Improve collection / billing

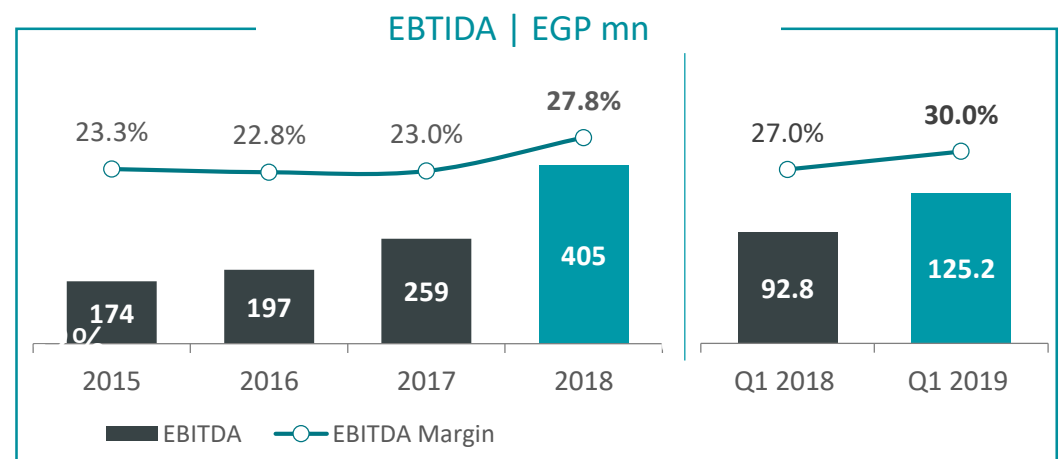
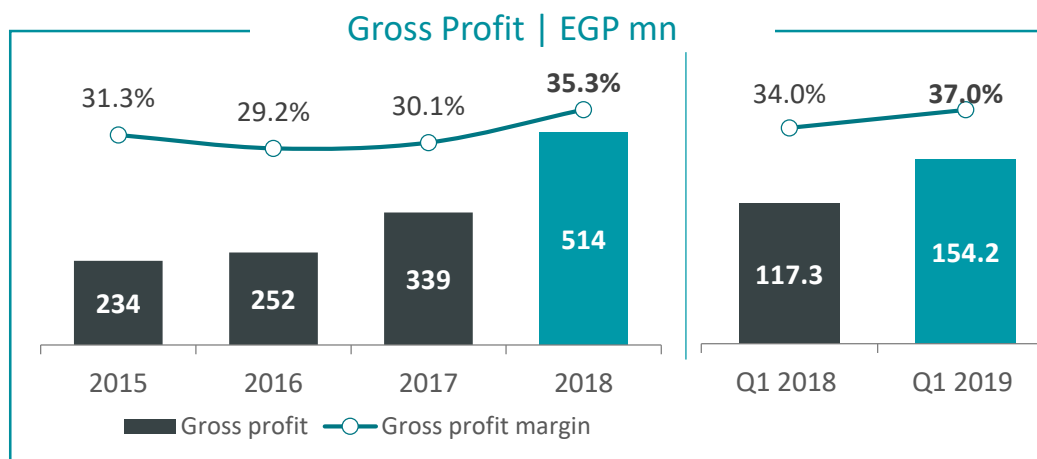
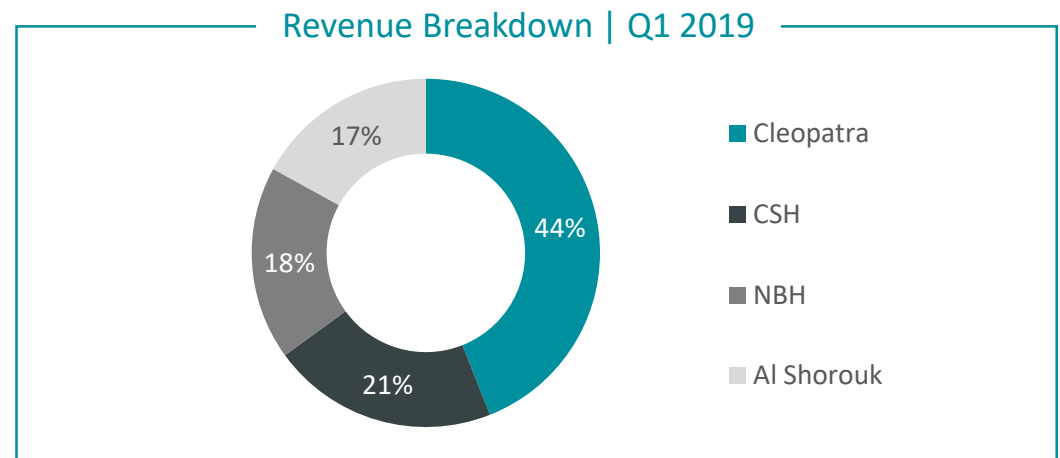
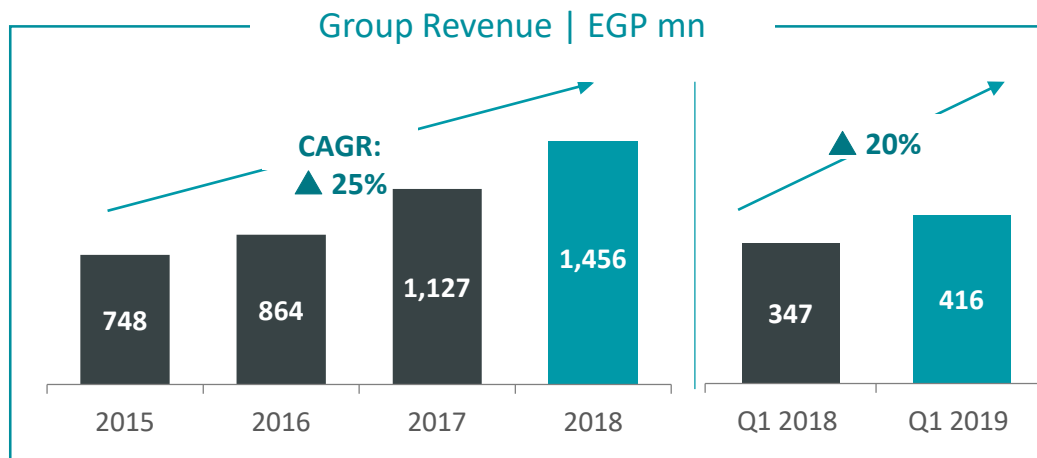
Key Investment Highlights



Solid Financial Performance



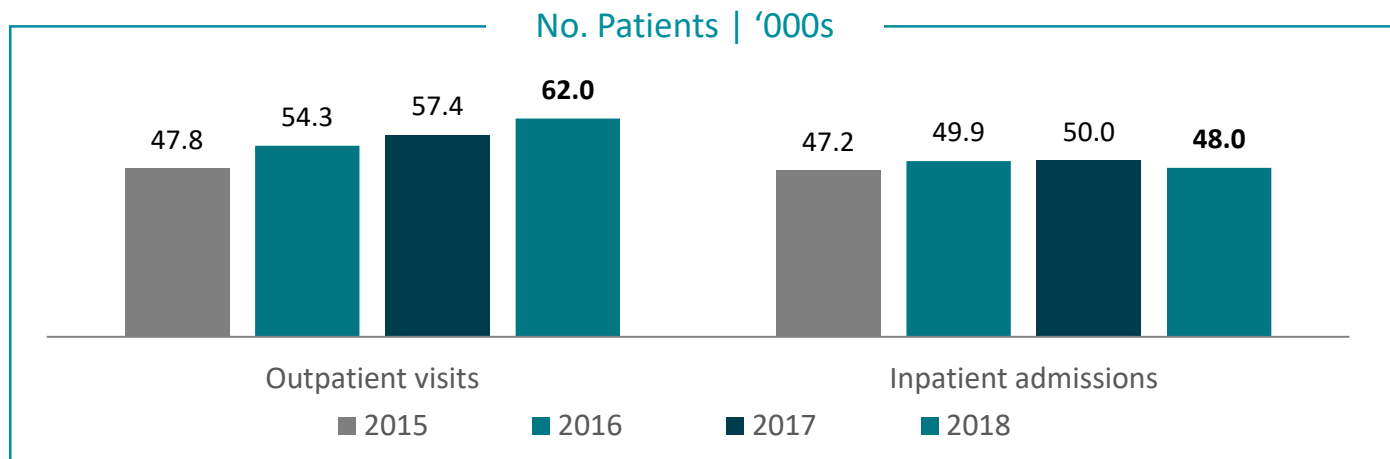
While Cleopatra hospital remains the main revenue contributor to the group, the rest of the group hospitals progressed with growth in the overall group revenues, gross profit and EBITDA



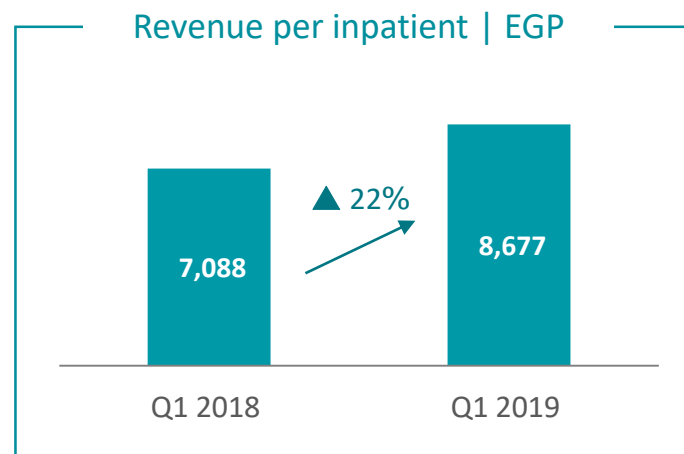
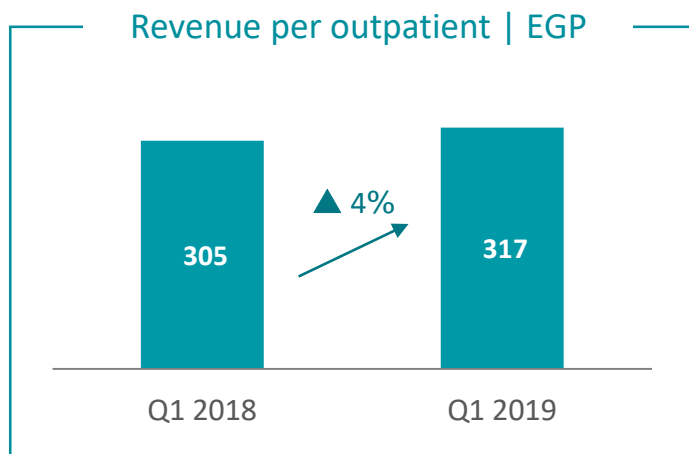
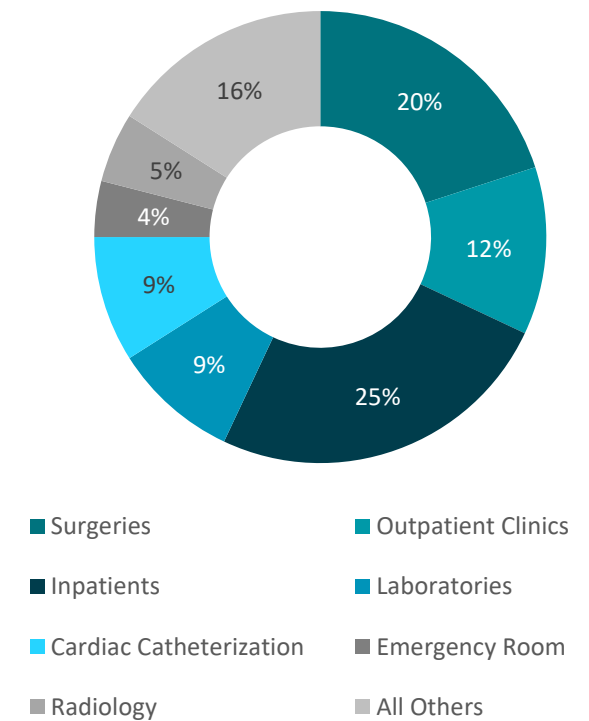
Key Revenue Drivers



Revenue from inpatient admissions and outpatient visits have demonstrated growth y-o-y, at 22% and 4% respectively



Group Revenue Contribution by Segment (2019)

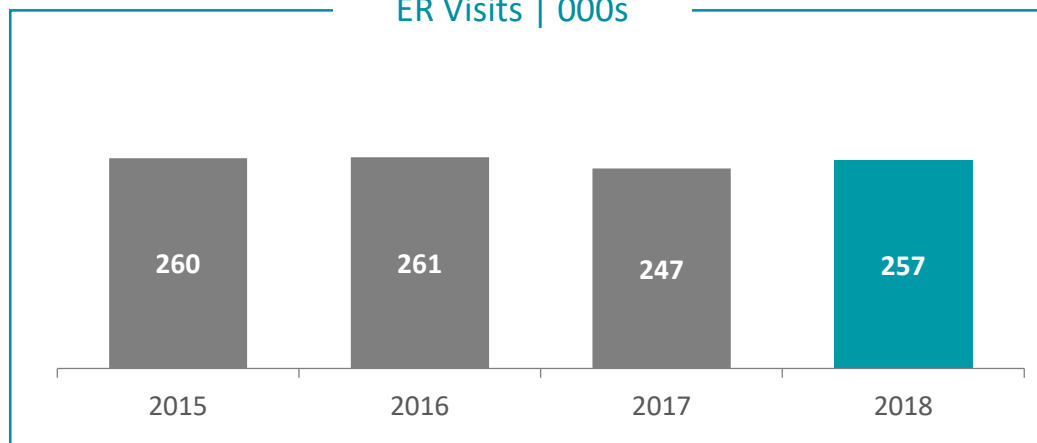


Key Revenue Drivers

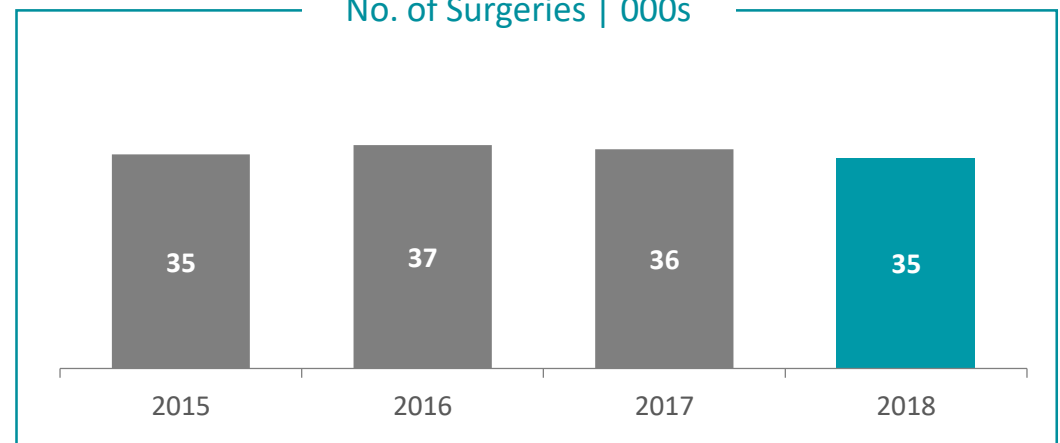


Driven by surgeries and ER visits, and increasing revenue per visit of 23% and 12% respectively, revenues from each of the mentioned segments have witnessed a notable growth

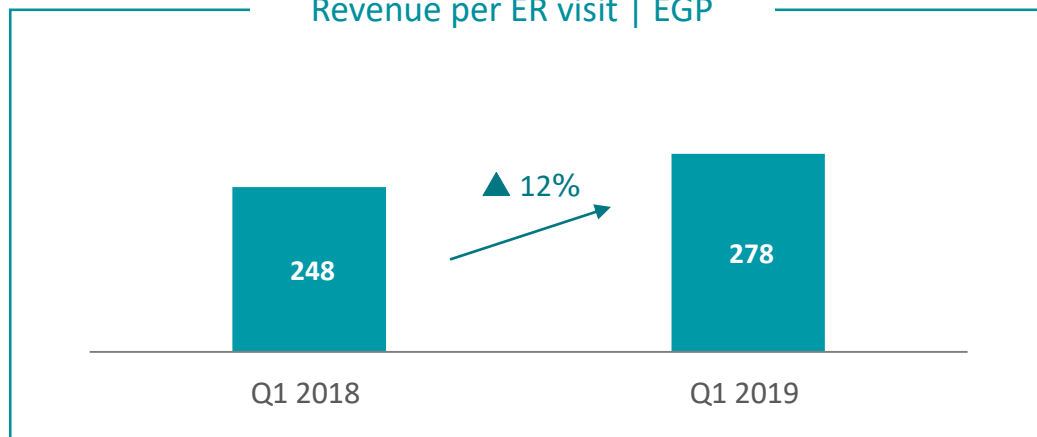
ER Visits | 000s



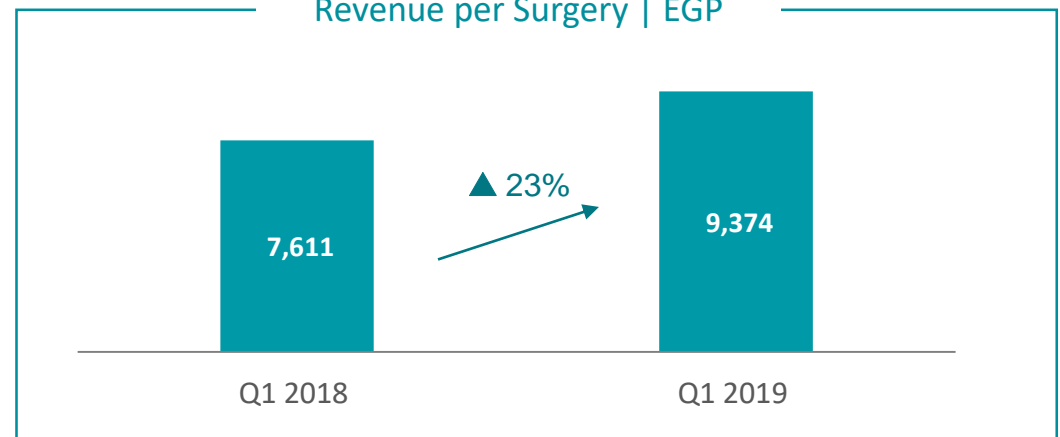
No. of Surgeries | 000s



Revenue per ER visit | EGP



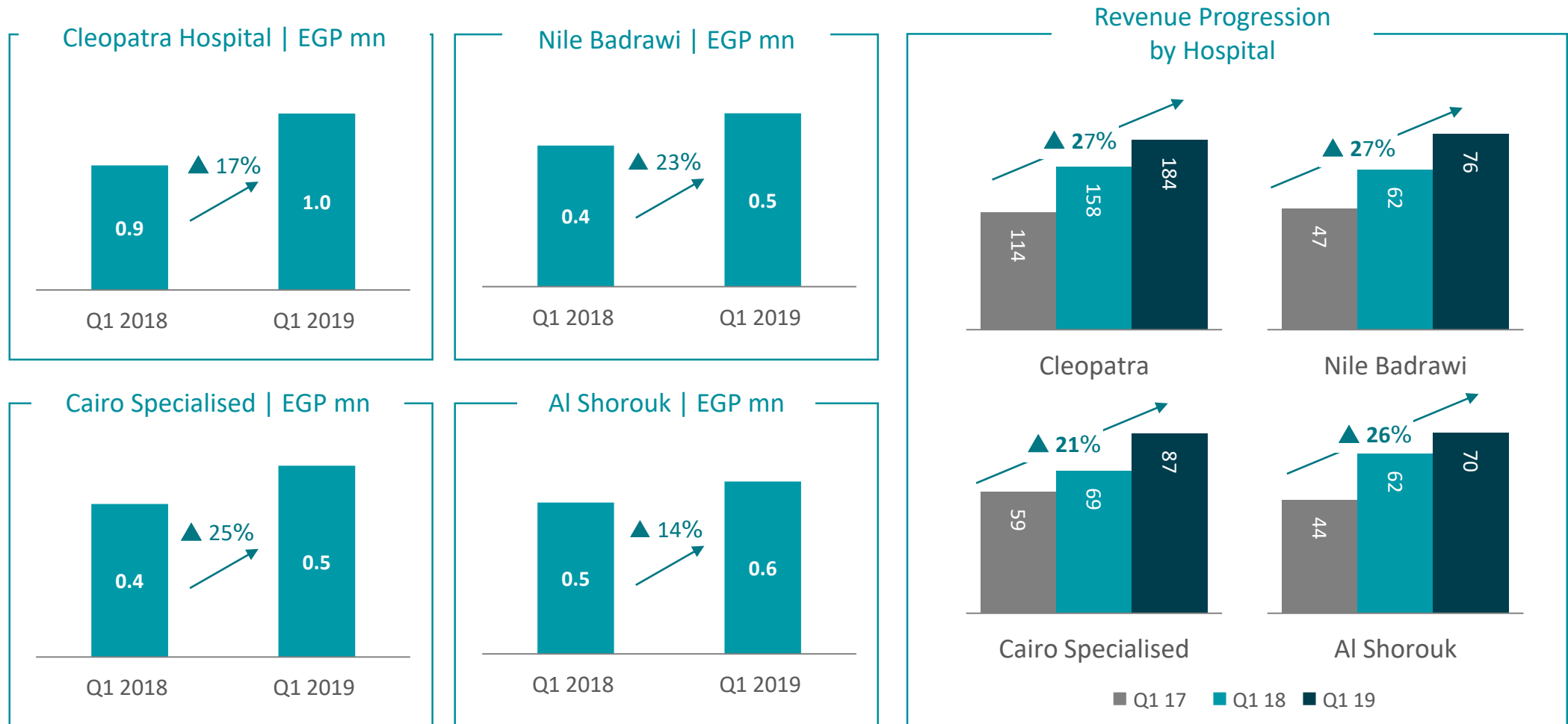
Revenue per Surgery | EGP



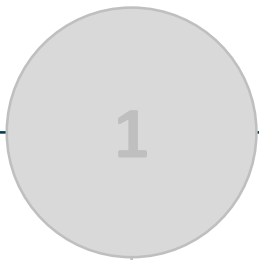
Key Revenue Drivers



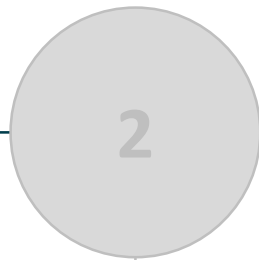
Revenue per bed at group hospitals have demonstrated growth as a result of better utilization and case mix strategy.



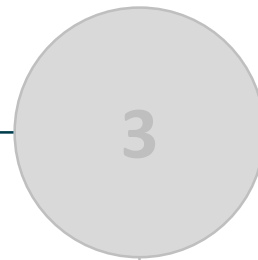
Key Investment Highlights



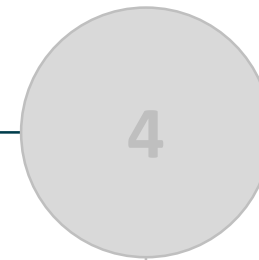
Underserved and under-penetrated market with steady demand growth



Leading position in a highly fragmented market



Leverage on integrated platform and scale to extract synergies



Solid financial performance with potential for enhanced profitability

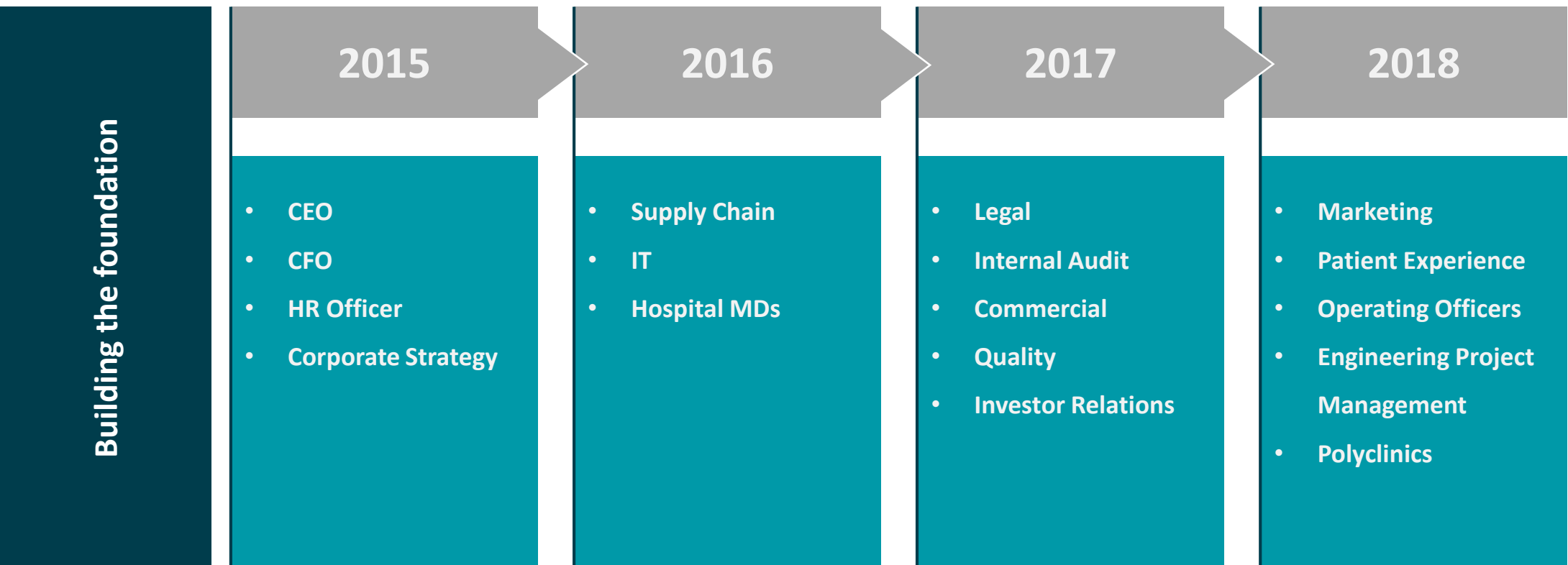


Strong management team with experienced board of directors

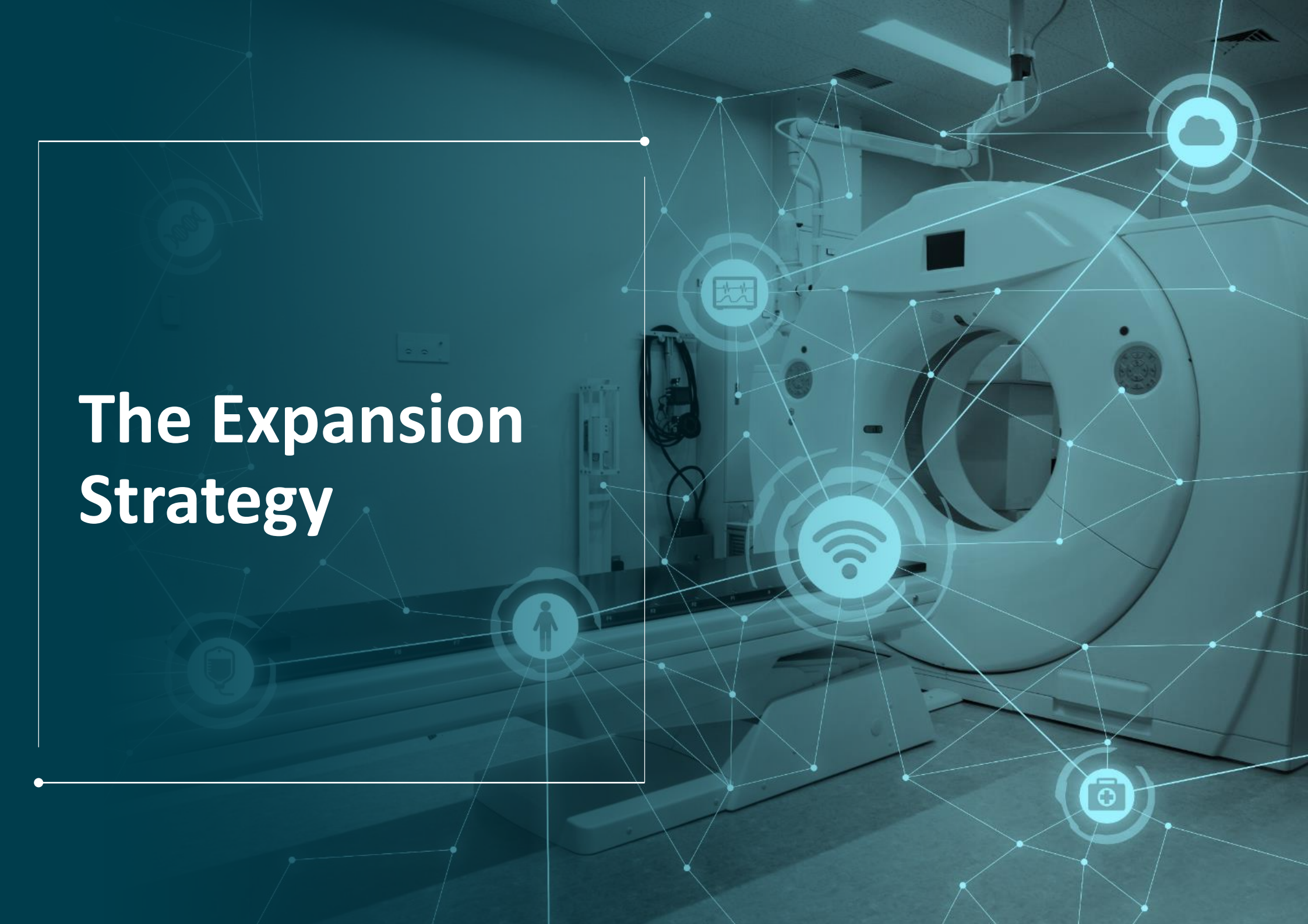
Matrix Organizational Structure



CHG has adopted a matrix organizational structure optimizing its operations and managing the employees effectively. The group has appointed the following directors:



The Expansion Strategy



Expansion strategy



Creating Feeder
networks



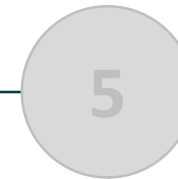
Building Additional
Capacities in Existing
facilities



Strategic Acquisitions
of Operating Hospitals



Brownfield/Greenfield
Expansions








Expanding reach
beyond Greater Cairo

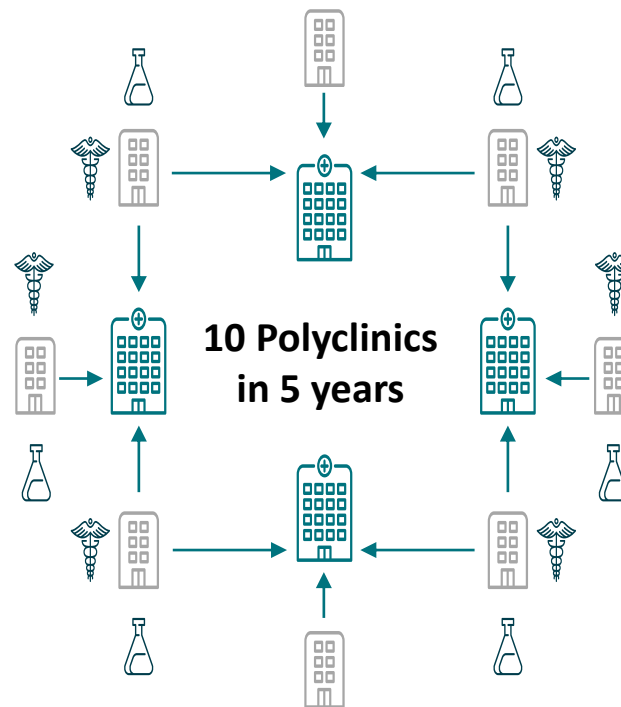







Creating Strategic
entities to serve
Group's scale of
operations

Feeder network started by the first 2 polyclinics to present in East and West Cairo

Polyclinics act as feeder networks for patient referral for the group hospitals. Specialized across different specialties including internal medicine, dentistry, radiology, ENT, cardiology, orthopedic, gynecology and procedures room

5th Settlement Polyclinic (East Cairo)	
	12 Clinics
	+300 slots
	X-Ray / Ultrasound
	ER / Pharmacy / Ambulance
	Hot Lab



Majjarah Polyclinic (West Cairo)	
	15 Clinics
	+350 slots
	X-Ray / Ultrasound
	ER / Pharmacy / Ambulance
	Hot Lab

Feeder networks expansion in 2019 compose of two polyclinics (East and West Cairo). East Cairo Polyclinic is operational as of February 2019 while West Cairo Polyclinic is expected to start operating before H2 2019

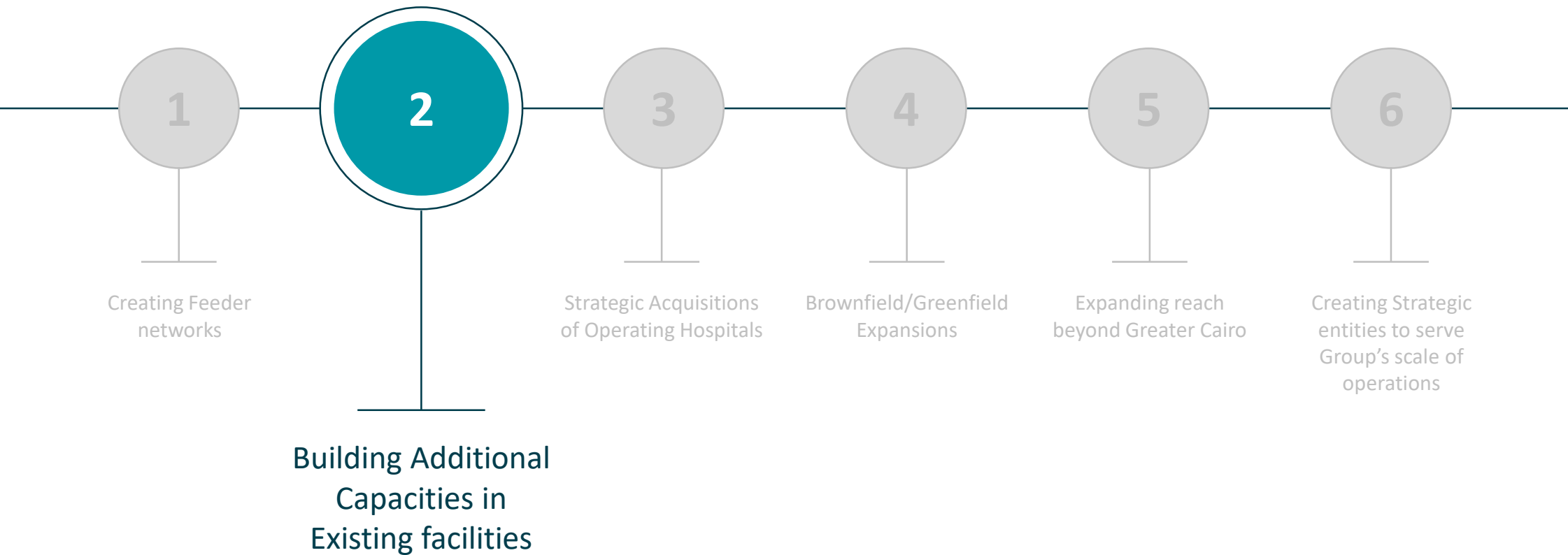
Feeder network started by the first 2 polyclinics to present in East and West Cairo



5th settlement (East Cairo) Polyclinic operational as of February 2019



Expansion strategy



New extension for Al- Shorouk hospital



Al Shorouk hospital expansion

In Q2 2018, the group signed Vital Konzept, a leading Engineering & Consultancy Firm to start the process of Drawings for the extension in preparation for releasing the project for tendering with expected timeline of completion 18 months.

The renovation and capacity increase is expected to

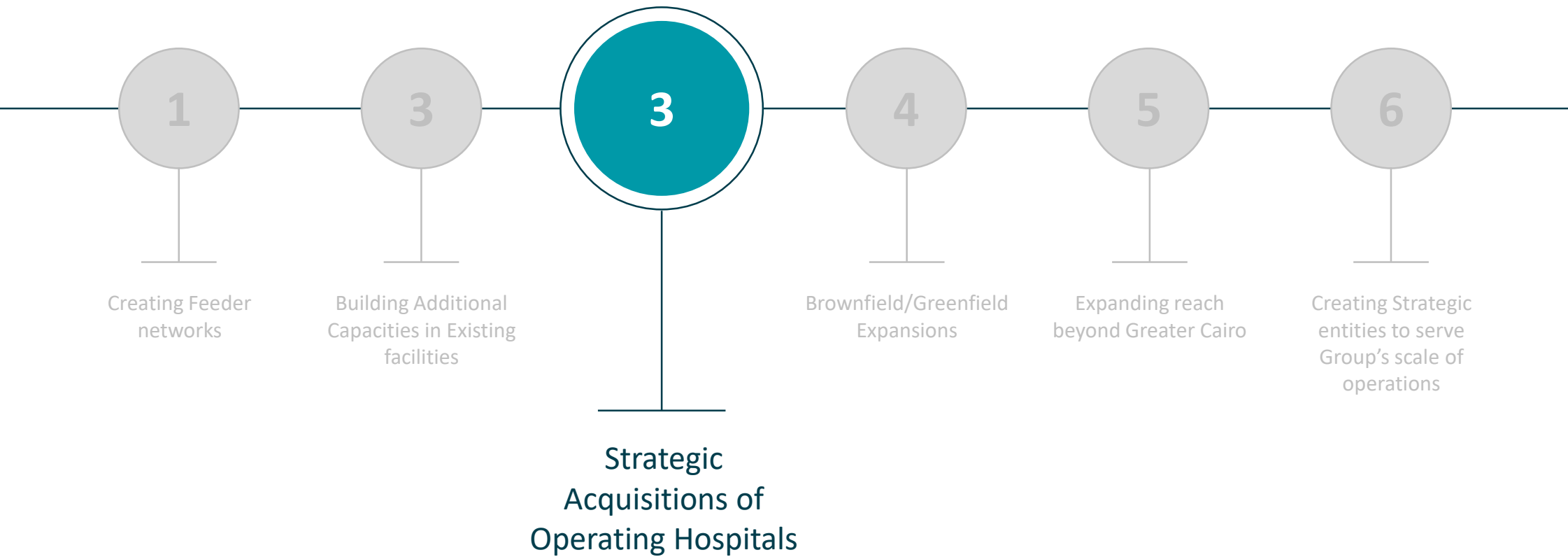
Add 40 beds to the hospital capacity

Total renovation of existing facility

Facelift development for the facility



Expansion strategy



Strategic Acquisitions of Operating Hospitals



El Katib Hospital (Dokki, Giza)⁽¹⁾

During September 2017, CHG signed definitive agreements to acquire the real estate assets and the operational assets of a new hospital in West Cairo



89 Hospital Beds



Kidney Specialist
offering a complementary service

The hospital is also undergoing an additional expansion in order to reach 108 beds, as is expected to contribute around EGP 35mn⁽²⁾ of EBITDA to CHG over the coming period

Status: : OGM Approved Real-estate acquisition , Real-Estate fully acquired as of December 2018 pending completion of business transfer agreement with current operators.

Note (1): This total acquisition and transfer of operations is still pending the completion of certain condition precedents

Note (2): Based on management accounts, and is subject to diligence and audit, and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially

Strategic Acquisitions of Operating Hospitals



Queens Hospital (Heliopolis, East Cairo)

Given OGM approval, CHG has finalized and started operating Queens hospital as of March 2019

50 Hospital Beds in Heliopolis (Segment A area)

Hospital current focus is on gynecology and pediatrics specialties.

CHG plans to expand its services to include other general services and a Cardiology COE

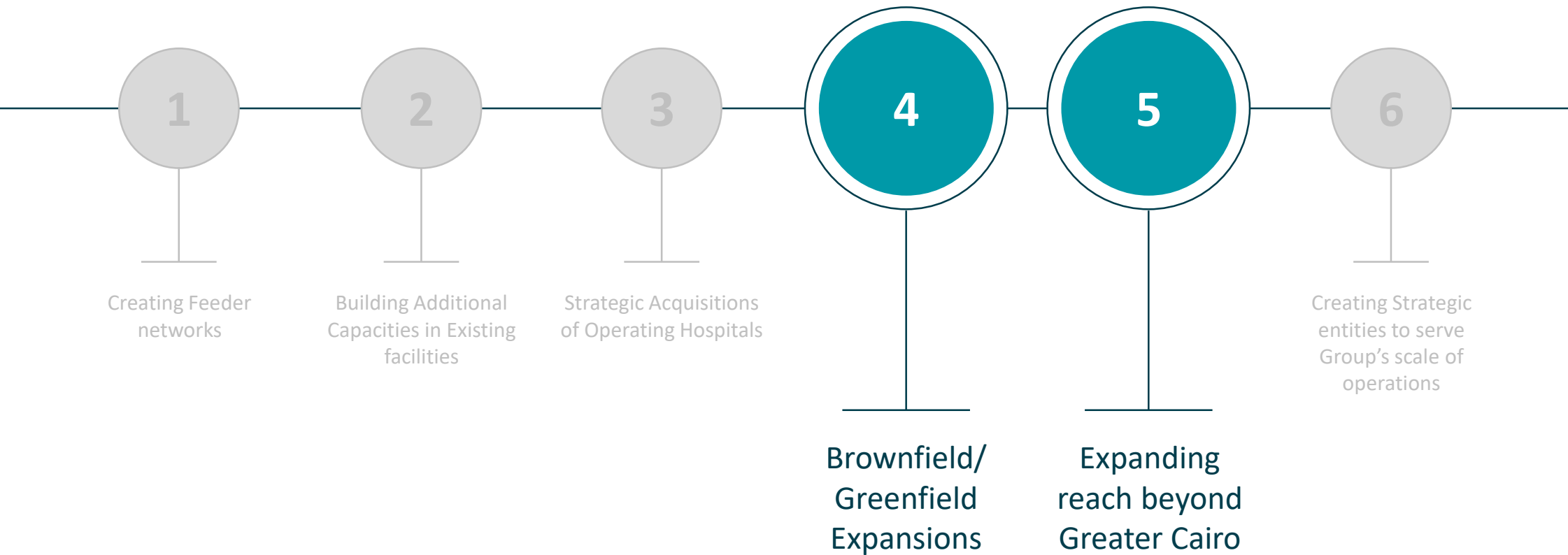
Expected to contribute around EGP 7-10mn (1) of EBITDA to CHG over the coming period

Cleopatra staff has started handover of operations and implementing business plan for 2019



Note (1): Based on management accounts, and is subject to diligence and audit, and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially

Expansion strategy



CHG is working on expansions in brownfield hospitals and outside of Cairo



Brownfield / Greenfield expansion

The group is currently assessing and shortlisting potential Brownfield acquisitions in areas where the group does not have presence or in areas that are underserved .

Potential hospital is named “ New Cairo brownfield hospital “ and is expected to operate at Cleopatra segment with the following capacities:



21,000 sqm BUA



200 bed capacity



7 operating room



Cath lab



20 Outpatient clinics

Expanding reach beyond greater Cairo

In Bani Suef governorate (Upper Egypt) an underserved governorate with one of the lowest healthcare service quality provided in Egypt

CHG entered into a JV with Taaleem (Al Nahda Universities) to complete and finish a 200 bed hospital in Upper Egypt

Footprint expansion to Upper Egypt and tapping into a different segment of patients through a low cost model teaching hospital

Status



Hospital Facility Leased

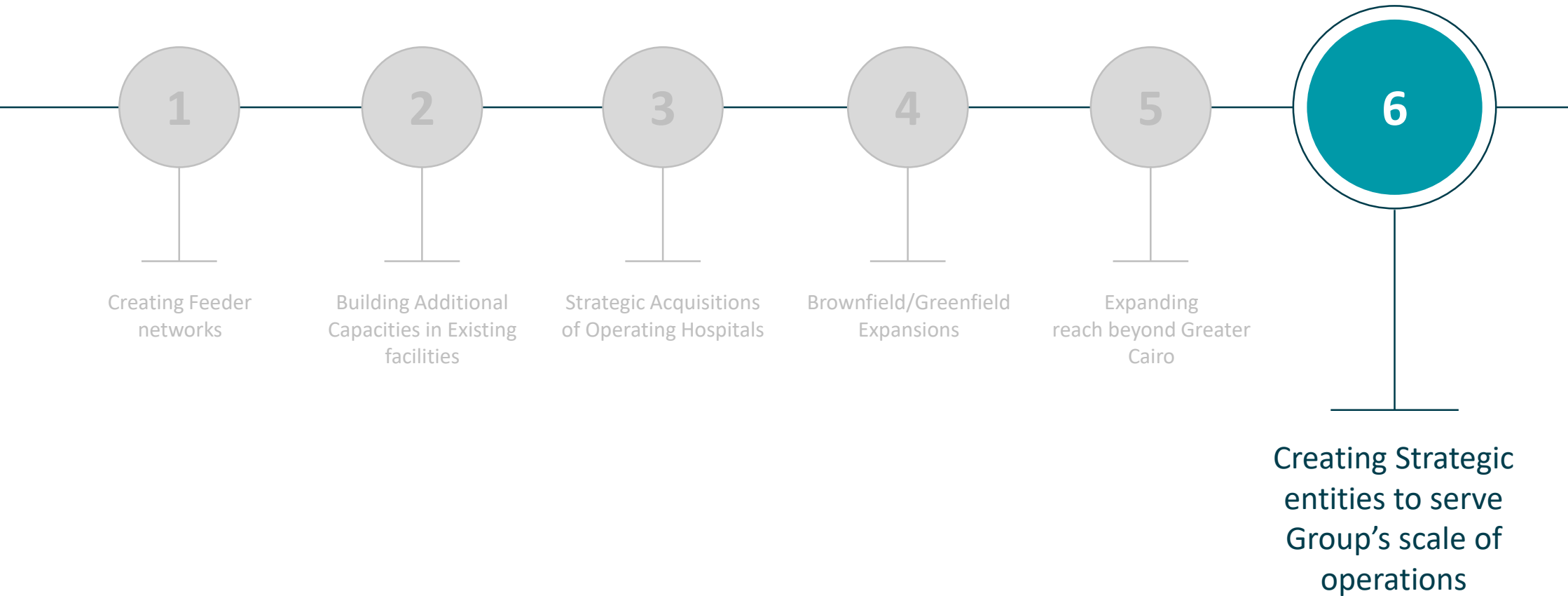


Capex Budget Finalized



Business Plan Completed

Expansion strategy



Strategic initiatives and entities created by CHG to enhance efficiencies in operation

As part of the group's strategy to leverage synergies and expand its service offerings , CHG is now in the process of creating business operation entities:



Cleopatra entity for importing consumables

Aims to serve groups scale of consumables and medical devices demand and create further efficiencies in group purchasing



Pharmaceutical management entity

Aims to serve groups pharmacies and pharmaceutical needs either at Polyclinics or at across different hospitals



Cleopatra Academy for Training

The academy starts by supporting the National Health Insurance program by providing trainings for the public sector



Governance & Shareholder Information

CHG is lead by a Diversified and Experienced Board of Directors



Healthcare Experts



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



Dr. Ahmed Ezzeldin
Executive Member &
Group CEO



Dr. Tarek Zahed
Non-Executive
Chairman



Sameh Mohsen
Founder / Previous
CEO Cleopatra
Hospital

Active Board Committees

Audit
Nabil Kamhawy,
Chairman

Remuneration
Ahmed Badreldin,
Chairman

Medical Ethics &
Quality
**Dr. Mohamed Awad
Tag El Din,** Chairman

Financial and Investment Experts



Tarek Kabil
Former Minister of
Trade and Industry



Omar Ezz Al Arab
Care Healthcare



Nabil Kamhawy
Former Head of Ernst
& Young Egypt



Samia El Baroudy
Care Healthcare



Ahmed Badreldin
Vice Chairman
Care Healthcare



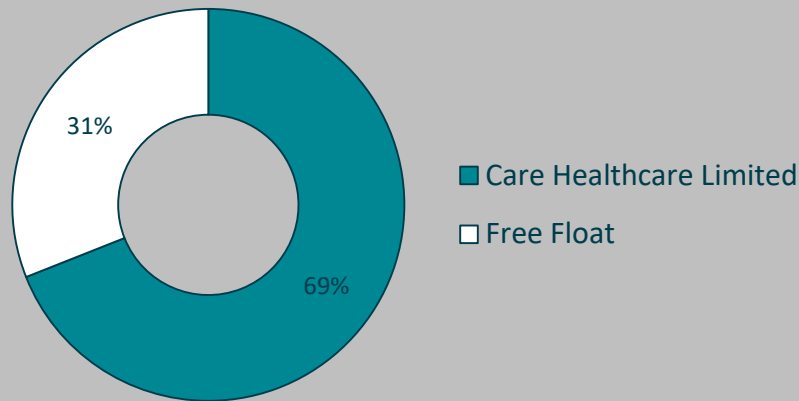
Lobna El Dessouky
Director



**General Omar
Kinawy**
Former Deputy Head
of Intelligence

Key Investor Information

Cleopatra Hospitals Company's Shareholder Structure



Care Health Limited's Key Shareholders



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



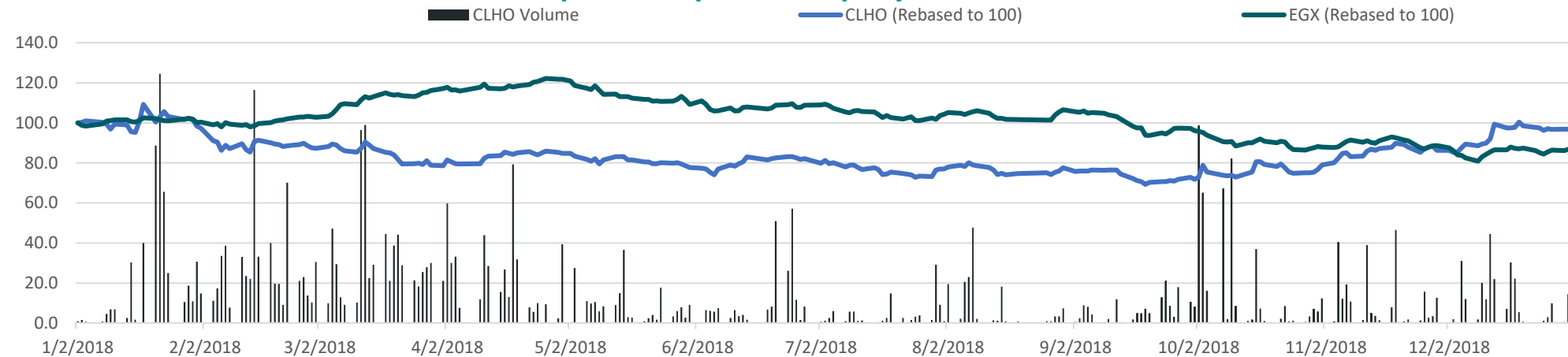
A Development Financial Institution partly owned by Agence Française de Développement (AFD), which promotes private investment in developing countries to reach the Millennium Development Goals



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

Cleopatra Hospitals Company Stock Performance



Source : Mubasher

Note : CLHO share price and volumes has been adjusted from 1 June 17 till 1 November 17 to reflect the change in the share price post the rights issue



Appendix I:

Financial Statements & Management Commentary

Consolidated Income Statement



All figures in EGP mn	1Q2019	1Q2018	% change	FY2018	FY2017	% change
Revenues	416.0	347.2	20%	1456.1	1126.8	29%
Cost of sales	(261.8)	(229.8)	14%	(942.5)	(788.2)	20%
Gross profit	154.2	117.3	31%	513.6	338.6	52%
<i>Gross Profit Margin</i>	37%	34%		35%	30%	
General & administrative expenses	(97.6)	(54.4)	80%	(180.4)	(161.4)	12%
Cost of acquisition activities	(0.5)	(2.6)	-80%	(4.6)	(5.3)	-14%
Provisions	(2.7)	(6.2)	-57%	(17.2)	(7.1)	143%
Other income	1.0	3.0	-67%	5.2	5.5	-5%
EBIT	54.3	57.2	-5%	316.6	170.3	86%
<i>EBIT Margin</i>	13%	16%		22%	15%	
Interest income	29.4	30.1	-2%	129.3	59.4	118%
Interest expense	(3.2)	(12.0)	-74%	(38.0)	(74.4)	-49%
Profit before tax	80.6	75.3	7%	408.0	155.4	163%
<i>PBT Margin</i>	19%	22%		28%	14%	
Income tax	(26.3)	(19.5)	35%	(90.4)	(32.7)	177%
Deferred tax	0.9	1.4	-35%	(2.4)	(4.4)	-45%
Net profit after tax	55.1	57.2	-4%	315.2	118.2	167%
<i>Net Profit Margin</i>	13%	16%		22%	10%	
<u>Distributed as follows:</u>						
Shareholders of the company	53.5	53.3	0%	210.9	76	177%
Minority rights	1.6	3.9	-58%	14.1	8.6	64%
Profit for the period	55.1	57.2	-4%	225.0	84.6	166%

Consolidated Balance Sheet



All figures in EGP mn	31 March 2019	31 March 2018
Non-current assets		
Fixed assets	618.2	560.5
Intangible assets	255.1	241.0
Payment under investment	143.9	143.9
Total non-current assets	1,017.2	945.4
Current assets		
Inventory	48.1	40.8
Accounts receivables	317.4	302.8
Other receivables and debit balances	70.7	48.5
Due from related parties	11.6	7.1
Cash	813.0	953.4
Total current assets	1,260.7	1,352.5
Total assets	2,278.0	2,298.0
Equity		
Share capital	800.0	800.0
Reserves	274.2	274.2
Retained earnings	583.3	529.8
Equity attributable to the parent company	1,657.5	1,604.0
Non-controlling interest	76.4	74.7
Total equity	1,733.9	1,678.7
Non-current liabilities		
Long term debt – non-current portion	-	67.9
Long term incentive plan	67.6	45.2
Deferred tax liability	66.0	66.9
Total non-current liabilities	133.6	180.0
Current liabilities		
Provisions	25.4	24.9
Creditors and other credit balances	335.6	317.7
CPLTD	11.6	27.2
Current income tax	38.0	69.4
Total current liabilities	410.6	439.3
Total liabilities	544.1	619.3
Total liabilities & shareholders' equity	2,278.0	2,298.0

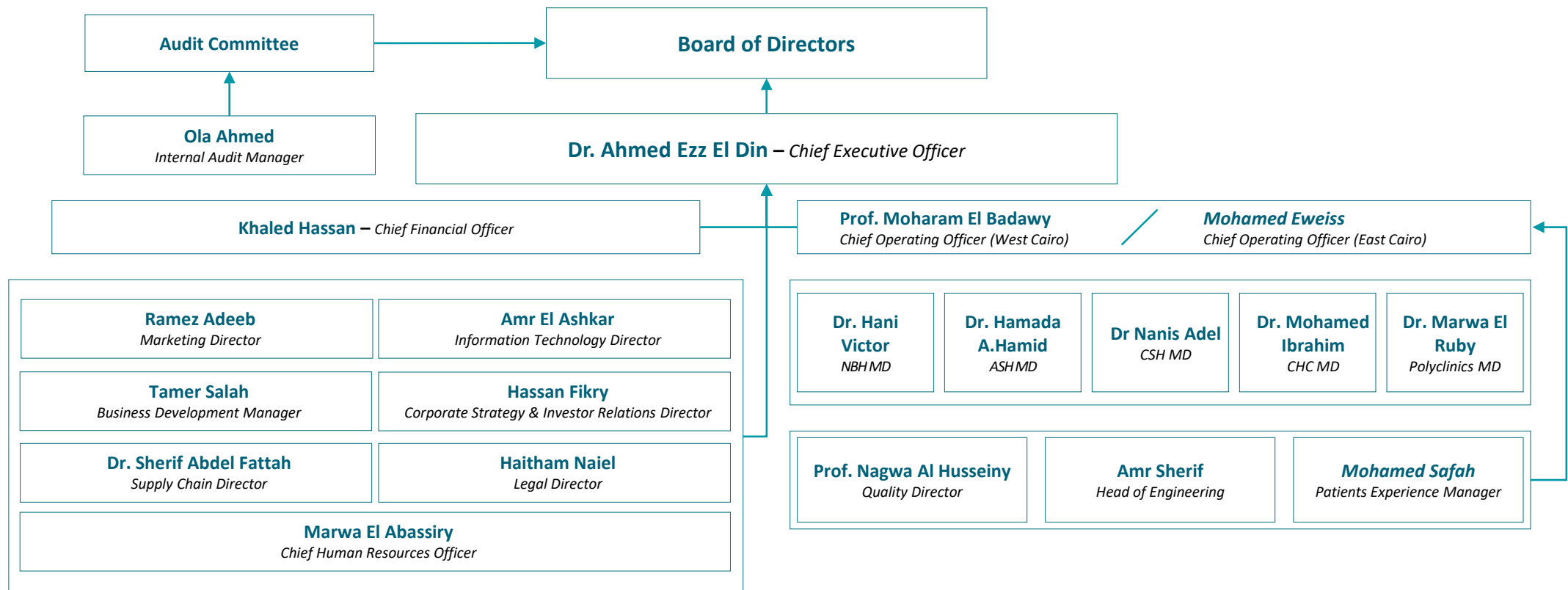
Consolidated Cash Flow Statement



All figures in EGP mn	31 March 2018	31 March 2019
Cash flow from operating activities:		
Profit before tax	75.3	80.6
Adjustments for:		
Depreciation	10.4	14.0
Amortization of intangible assets	-	-
Allowance for impairments of current assets	6.9	31.9
Provisions	5.0	0.5
Capital gain (loss)	(0.1)	(0.2)
Credit/Debit interest	(18.2)	(27.3)
Changes in current tax liability	-	(57.7)
Fixed assets write off	-	-
Share-based payments financial liabilities	10.3	22.3
Operating profits before changes in working capital	89.6	64.0
Changes in working capital:		
Change in inventory	(5.7)	(6.2)
Change in trade receivables, debtors and other debit balances	(50.8)	(63.7)
Change in due from related parties	(4.9)	(4.5)
Change in trade payables and other credit balances	16.7	30.2
Net cash flow from operating activities	44.9	19.8
Cash flow from investment activities:		
Proceeds from sale of fixed assets	0.1	0.5
Payments for purchase of fixed assets	(11.7)	(13.8)
PUC purchased	(8.5)	(49.6)
Advanced payments for purchase of fixed assets	(6.1)	(2.7)
Payments for acquisition of a subsidiary, net cash acquired	-	(25.0)
Payments under investment	(108.0)	-
Credit interest collected	30.3	28.4
Time deposits with maturity more than 3 months	11.0	-
Net cash flow from investment activities	(92.9)	(62.2)
Cash flow from financing activities:		
Dividends paid	(20.0)	(0.0)
Proceeds from borrowings	-	-
Repayment of borrowings	(126.3)	(95.1)
Cash proceed from overdraft	23.3	27.6
Cash paid to overdraft	(22.5)	(16.0)
Interest paid	(25.4)	(14.5)
Net cash flow from financing activities	529.1	(98.0)
Net change in cash & cash equivalents during the period	481.1	(140.4)
Cash & cash equivalents at the beginning of the period	44.4	953.4
Cash & cash equivalents at the end of the period	525.4	813.0

Led by an experienced Management Team with Clear Organizational Structure

Strong matrix organizational structure is being implemented at CHG to smooth and improve operations efficiency



Thank you

INVESTOR RELATIONS CONTACTS

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SHAREHOLDER INFORMATION

EGX: CLHO.CA
Listed: June 2016
Shares Outstanding: 1.6 billion



CLEOPATRA HOSPITALS
GROUP