



Cleopatra Hospitals Company Reports 3Q2016 Results

Cairo, 20 November 2016

Cleopatra Hospital Company S.A.E. (CLHO.CA on the Egyptian Exchange), Egypt's largest private hospital group by number of hospital beds and number of operating hospitals, reported today its consolidated results for the quarter ending 30 September 2016, posting net income of EGP 22.1 million on revenues of EGP 215.1 million, as the Group continued to focus on integrating its four hospitals and realizing the associated benefits of operating synergies across the platform.

Consolidated net income for the nine months of 2016 stood at EGP 52.9 million on revenues of EGP 626.6 million, also reflecting the positive impact of economies of scale in operations and the ongoing maintenance of strong cost disciplines. On a pro forma¹ basis, Group revenue increased 17% in 9M2016 compared with a figure of EGP 537 million for the same period last year. Meanwhile our EBITDA posted a 17% year-on-year increase in during the same period.

The largest contributor to group 9M2016 revenues was Cleopatra Hospital at (44%), followed by Cairo Specialised Hospital (22%), Nile Badrawi Hospital (18%) and Al Shorouk Hospital (16%).

Commenting on Cleopatra Hospital Company's 3Q2016 results, Chief Executive Officer Ahmed Ezzeldin said: "Our focus for the quarter ending 30 September 2016 continued to be on our integration program, with our IPO on the Egyptian Exchange and subsequent capital increase behind us. We are now solidly focused on building a robust platform that will serve as our base for expansion and the provision of new, high-quality healthcare services with the potential to generate significant revenue as well as cost efficiencies."

Cleopatra Hospital Company continued to make strong progress in 3Q2016 on both the integration of newly acquired assets including Al-Shorouk Hospital (acquired in January 2016) and the broader Group integration plan. The integration program focuses on revenue efficiencies; cost efficiencies (primarily procurement); the development of common standards and brand identity; and the creation of new centres of excellence, (such as the recently launched Radiology Centre at Cairo Specialized Hospital), among other planks.

During the period, the company made further progress toward improving management of its insurance contracts at the Group level and implementing the one-stop-shop approach through the execution of new agreements with major insurers including MetLife, its largest insurance client, which are intended to direct and increase patient flow to all its hospitals. Cleopatra understands that partnership models with insurers help to maximize utilization, market leadership and bargaining power. The rollout of this initiative will continue in 4Q2016.

Cleopatra Hospital Company has also inaugurated a world-class radiology centre at Cairo Specialized Hospital with state-of-the-art technology sourced from Philips. "This underscores our commitment to an aggressive capital expenditure program earmarked for medical technology," Ezzeldin noted. The new radiology centre is part of the Group's drive to create centres of excellence within its network of hospitals. CSH will also be home to a cardiac care centre of excellence, which will be supported in part by the radiology centre.

In the period since the company last reported financial results, Egypt has undertaken a broad economic reform program that includes both the float of the Egyptian pound and the implementation of a value-added tax (VAT) system that replaces the sales tax regime. "Given the defensive nature of the healthcare industry, we believe we will be able to pass on inflationary pressures associated with the devaluation of the Egyptian pound and the implementation of the VAT," noted Ezzeldin.

¹ Pro forma results of operations show the effect of the company's ownership of its four current hospitals as if the acquisitions of those hospitals had occurred on 1 January 2015. Cleopatra Hospital, Nile Badrawi Hospital and Cairo Specialised Hospital reported standalone financials in 3Q2015; the Group acquired Al-Shorouk Hospital in the first quarter of 2016.

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Cleopatra Hospital Company continues to look for opportunities to utilize IPO proceeds to further expand the Group's footprint through three parallel tracks: i) the expansion of existing facilities; ii) brownfield acquisitions; and iii) operational hospital acquisitions. Along these lines, management has expedited the licensing process for the Al Shorouk Hospital extension. The associated filings are close to completion, and the project should begin in Q12017. Further, the company has engaged EFG Hermes and Zulficar Partners to evaluate and structure the Mandatory Tender Offer process for the acquisition of the outstanding minority stake in Cairo Specialized Hospital. Lastly, several brownfield and operational hospital targets have been identified and are currently being evaluated/pursued. The Group has identified multiple candidate sites for the first two of its planned network of ambulatory clinics. Top prospects are now in the study and planning phase.

Cleopatra Hospital Company's complete earnings release for 3Q2016 including commentary on operational and financial performance is available for download on investors.cleopatrahospitals.com.

—Ends—

ABOUT CLEOPATRA HOSPITAL COMPANY S.A.E.

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

Shareholder Information

EGX: CLHO.CA

Listed: June 2016

Shares Outstanding: 200 million

For further information, please contact:

Cleopatra Hospital Company S.A.E.

Hoda Yehia

Investor Relations Director

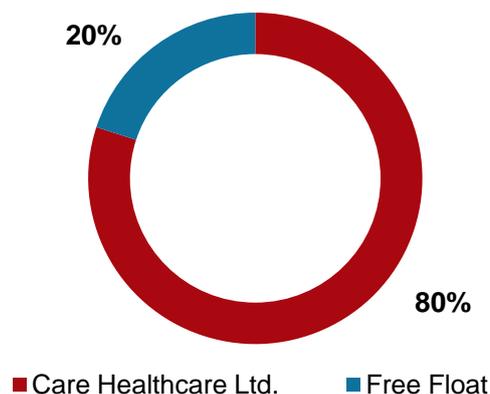
T: +2 (0)2 2241 7471

hoda.yehia@cleohc.com

investors.cleopatrahospitals.com

Shareholder Structure

(as of August 2016)





Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management’s (“Management”) current views of future events, are based on Management’s assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations in the prices of raw materials or employee costs required by our operations, its ability to retain the services of certain key employees, its ability to compete successfully, changes in political, social, legal or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management’s ability to timely and accurately identify future risks to our business and manage the risks mentioned above.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly to the total figure given.

Consolidated Income Statement

All figures in EGP mn	3Q2015	3Q2016	% change	9M2015	9M2016	% change
Revenues	81.9	215.1	163%	238.5	626.6	163%
Cost of sales	(47.1)	(154.8)	229%	(149.2)	(439.4)	194%
Gross profit	34.8	60.3	73%	89.2	187.2	110%
<i>Gross Profit Margin</i>	42%	28%		37%	30%	
General & administrative expenses	(12.4)	(27.9)	126%	(29.4)	(84.3)	187%
Provisions	(0.7)	(0.3)	-54%	(2.2)	(9.5)	
Other income	0.2	0.5	176%	0.7	4.9	
EBIT	21.9	32.6	49%	58.3	98.3	69%
Interest income	1.0	8.1		3.6	13.9	285%
Interest expense	(1.0)	(12.1)		(1.0)	(41.4)	
Profit before tax	21.9	28.7	31%	60.9	70.8	16%
Income tax	(5.6)	(7.1)	27%	(15.1)	(21.5)	43%
Deferred tax	0.4	0.5	23%	0.7	3.6	
Net profit after tax	16.7	22.1	32%	46.6	52.9	13%
<i>Net Profit Margin</i>	20%	10%		20%	8%	
<u>Distributed as follows:</u>						
Shareholders of the company	16.7	19.6	17%	46.6	45.3	-3%
Minority rights	-	2.5		-	7.6	
Profit for the Year	16.7	22.1	32%	46.6	52.9	13%

Consolidated Statement of Comprehensive Income

All figures in EGP mn	3Q2015	3Q2016	% change	9M2015	9M2016	% change
Net Profit	16.7	22.1	32%	46.6	52.9	13%
Other comprehensive income	-	-		-	-	
Total comprehensive income for the year	16.7	22.1	32%	46.6	52.9	13%
<u>Total comprehensive income attributable to:</u>						
Owners of the company	16.7	19.6	17%	46.6	45.3	-3%
Non-controlling interest	-	2.5		-	7.6	
Total comprehensive income for the year	16.7	22.1	32%	46.6	52.9	13%

Consolidated Balance Sheet

All figures in EGP mn	31 December 2015	30 September 2016
Non-current assets		
Fixed assets	267.0	374.8
Intangible assets	97.2	247.7
Total non-current assets	364.2	622.5
Current assets		
Investments held to maturity	0.0	-
Inventory	15.5	29.5
Accounts receivables	90.0	129.5
Other receivables and debit balances	18.3	22.7
Cash	109.9	436.4
Total current assets	233.7	618.1
Total assets	598.0	1,240.6
Equity		
Share capital	80.0	100.0
Reserves	(62.3)	297.5
Retained earnings	108.3	136.8
Equity attributable to the parent company	126.0	534.3
Non-controlling interest	33.3	40.8
Total equity	159.2	575.1
Non-current liabilities		
Long term debt	162.4	346.4
Other credit balances - non-current portion	-	-
Other liabilities - due to related parties	47.4	-
Income tax liability	43.8	56.9
Total non-current liabilities	253.6	403.3
Current liabilities		
Provisions	19.9	32.8
Creditors and other credit balances	92.6	149.8
CPLTD	40.6	54.0
Current Income tax	32.1	25.6
Total current liabilities	185.2	262.2
Total liabilities	438.8	665.5
Total Liabilities & shareholders' equity	598.0	1,240.6

Consolidated Cash Flow Statements

All figures in EGP mn	30September 2015	30September 2016
Cash flow from operating activities:		
Profit before tax	60.9	70.8
<u>Adjustments for:</u>		
Depreciation	4.9	21.0
Amortization of intangible assets	-	4.0
Allowance for impairments of receivables no longer required	(0.1)	(6.2)
Allowance for impairments of receivables	1.7	17.4
Provisions	2.2	9.5
Capital gain	-	(0.0)
Credit interest	(3.6)	(13.9)
Finance expenses	1.0	41.4
Provisions used	-	(8.6)
Changes in current tax liability	(21.4)	(32.2)
Operating Profits before changes in working capital	45.7	103.2
<u>Changes in working capital:</u>		
Change in inventory	(0.0)	(5.2)
Change in trade & notes receivable	(5.3)	(30.5)
Change in other debit balances	16.3	(46.4)
Change in due from related parties	-	-
Change in trade and other credit balances	145.3	15.8
Change in loans	-	-
Change in deferred tax liability	-	-
Interest paid	-	-
Net cash flow from operating activities	202.0	37.0
Cash flow from investment activities:		
Proceeds from sale of investments held to maturity	-	0.0
Proceeds from sale of fixed assets & PUC	-	-
Fixed assets and PUC purchased	(3.5)	(17.0)
Intangible assets purchased	-	-
Payments to acquire subsidiaries , net of cash acquired	(357.1)	(235.1)
Credit interest collected	3.6	13.9
Time deposits Maturity more than 3 month	-	(12.6)
Net cash flow from investment activities	(357.0)	(250.7)
Cash flow from financing activities:		
Proceeds from issued share capital	-	20.0
Change in loans	203.0	207.3
Interest paid	-	(19.3)
Premium received	-	340.0
Loan Principle payment	-	(21.8)
Net cash flow from financing activities	203.0	527.7
Net change in cash & cash equivalents during the period	48.0	313.9
Cash & cash equivalents at the beginning of the period	53.6	47.0
Cash & cash equivalents at the end of the period	101.6	360.9