

# Cairo for Investment and Real Estate Development Releases 9M 2019 Results

## 9M19<sup>1</sup> Financial & Operational Highlights

<b>Revenue</b>	<b>EBITDA<sup>2</sup></b>	<b>Net Profit<sup>2</sup></b>
EGP <b>642.4</b> million	EGP <b>348.4</b>	EGP <b>249.8</b> million
▲ 32% y-o-y	▲ 38% y-o-y 54% Margin	▲ 51% y-o-y 39% Margin
<b>Cash Earnings</b>	<b>K-12 Students</b>	<b>Higher-ED Students</b>
EGP <b>293</b> million	<b>24.25</b> thousand	<b>7.9</b> thousand
▲ 47% y-o-y	▲ 13% y-o-y 92% Utilization	▲ 42% y-o-y 61% Utilization
<b>Geographical Reach</b>	<b>Number of Schools</b>	<b>Number of Faculties</b>
<b>6</b> Egyptian governorates	<b>19</b> schools	<b>9</b> faculties
1/19 Universities/Schools	> <b>2,108</b> Teachers	> <b>610</b> Professors

Cairo, 15 July 2019

Cairo for Investment and Real Estate Development ("CIRA", CIRA.CA on the Egyptian Stock Exchange), the largest integrated provider of educational services in the Egyptian private sector, announced today its results for the nine-month period ending 31 May 2019<sup>1</sup> posting revenues of EGP 642.4 million, up 32% year-on-year. Adjusted EBITDA<sup>2</sup> grew by a slightly higher rate than revenues, at 38% year-on-year to record EGP 348.4 million in 9M19, representing a slight growth in the adjusted EBITDA margin of 2 percentage points. Net profit<sup>2</sup> recorded exceptional year-on-year growth in 9M19, climbing 51% to post EGP 249.8 million, representing a net margin expansion of 5 percentage points.

## Summary Income Statement

(EGP mn)	9M2018	9M2019	% change
Revenues	487.9	642.4	32%
Gross Profit	311.4	423.0	36%
Gross Profit Margin	64%	66%	
Adjusted EBITDA <sup>2</sup>	251.8	348.4	38%
Adjusted EBITDA Margin	52%	54%	
Net Profit	165.4	249.8	51%
Net Profit Margin	34%	39%	

<sup>1</sup> Refers to 9M of CIRA's fiscal year 2018/19 which ends 31 August 2019, in line with the academic year.

<sup>2</sup> CIRA's Adjusted EBITDA and net profit factors out one-off IPO-related expenses incurred in 9M 2019 of EGP 12.9 million and EGP 5.4 million in previous years' losses from Egyptian Schools Company (Mavericks Schools) as a result of its consolidation

## Note from the CEO

As we approach the last few months of our first academic year as a listed company, I couldn't be more pleased with CIRA's performance and accomplishments to date. The nine-month period ended 31 May 2019 saw impressive double-digit growth in all our key financial indicators: Our bottom line grew by an exceptional 51% year-on-year to record EGP 249.8 million, exceeding net profit for FY2018 of EGP 126.4 million by 98%, and representing a 5 percentage-point jump in our net margin to 39%. Revenues grew by 32% year-on-year to bypass the half-billion mark at EGP 642.2 million in 9M19 compared to EGP 487.9 million in 9M18, a direct result of our continuous efforts to differentiate our institutions in the market and cement CIRA's brand presence. Finally, further efficiencies and leveraging economies of scale saw our adjusted EBITDA grow by a slightly faster rate than revenues in 9M19 to post EGP 348.4 million.

Construction of our six upcoming new faculties at Badr University, the School of Medicine, School of Veterinary Medicine, School of Law, School of Applied Health Sciences, School of Biotechnology and School of Humanities and Social Science, has progressed significantly ahead of schedule. With approvals already obtained from the Ministry of Higher Education and Scientific Research, we are now set to launch for the 2020 academic year, pending final decree from the president. Together with our new faculty of Film, Theater, Performing and Visual Arts, successfully launched in September 2018, we will continue to introduce high-demand and underserved specialties across our tertiary segment.

We have made extensive progress on our plans to establish a flagship University in Assiut. I am especially pleased with our management team's swift and efficient conclusion of the qualification process with the New Urban Communities Authority (NUCA) for the 81 feddans of land on which the university will be built. With an initial installment paid by CIRA of 15% of the land value in June 2019, we are now in the process of designing our new state-of-the-art facility which we are currently on track to break ground on shortly.

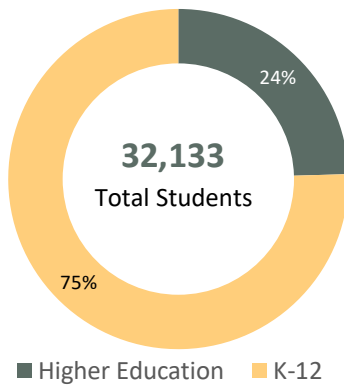
In line with our inorganic growth plans, I am also pleased to report that in June 2019, CIRA acquired a majority stake in the British Columbia Canadian International School (BCCIS) located in Al Shorouq City indirectly through the acquisition of a 60% stake in its parent company, Star Light Educational DMCC Corporation, at an attractive valuation, in line with our track record of extracting value to shareholders through M&As.

BCCIS, which operates from kindergarten until secondary school, is one of the top ranked schools in the country. Managed by a top-notch management team, who like CIRA, are also its founders, we look forward to more than just an acquisition that will complement CIRA's brand in serving the upper-middle-class segment in Egypt's education space, but also contribute invaluable expertise in the profitable operation of this segment. The Mostafa family has a well-recognized track record in running international schools in Egypt. The formation of a new management team which combines the Mostafa Family's expertise with CIRA's current management team will not just see to the profitable operations of BCCIS but also of the rest of the schools under CIRA's belt, with a special focus on CIRA's line of international schools, currently our lowest contributors to our top-line and margins.

With student enrollment growing faster than our added capacity in both our K-12 and Upper Education segments, the addition of new schools and faculties are positioned to capture Egypt's burgeoning middle-class segment's pent-up demand for world class education at more affordable prices. I look forward to updating you here on our ongoing expansion in due course.

**Mohamed El Kalla**, Chief Executive Officer

**Total Students by Segment  
(9M2019)**



**Operational Performance**

**Higher Education**

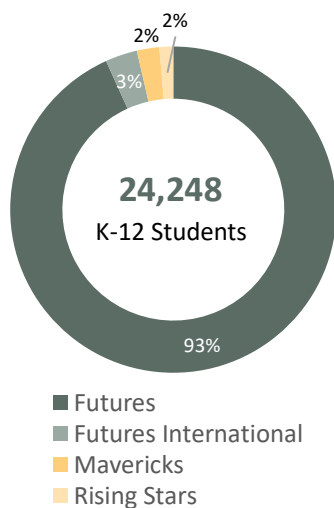
CIRA's higher education segment is comprised of the company's flagship Badr University (BUC). BUC operates nine faculties, including a new faculty of Film, Theater, Performing and Visual Art introduced in late 2018.

Enrollment at BUC stood at 7,885 students in 9M19, up 42% year-on-year and representing a 61% utilization rate on the university's total capacity of 13,030 students. While capacity expanded by 16% over the period to reach 13,030 students, the growing utilization rate from 49% in 9M18 to 61% in 9M19 reflects management's success in attracting a growing inflow of new students to BUC.

**Key Operational Highlights**

	9M2018	9M2019	% change
Number of Faculties	8	9	13%
Number of Professors	437	610	40%
Capacity (No. Students)	11,280	13,030	16%
Number of Students	5,541	7,885	42%
Pupil Teacher Ratio (PTR)	13	13	2%
Utilization	49%	61%	23%

**K-12 Students by School Brand  
(9M2019)**



**K-12 Education**

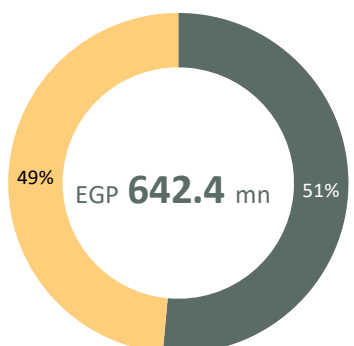
CIRA's K-12 segment is made up of 19 schools located across six separate governorates. The schools operate under four distinct brands, including Futures, Futures International, Mavericks and Rising Stars.

CIRA's K-12 programs served 24,248 students during the first nine months of academic 2019, up 13% from the previous year. While total capacity remained unchanged between 9M18 and 9M19 at 26,400 students, utilization grew from 81% to record an impressive 92% during the period.

**Key Operational Highlights**

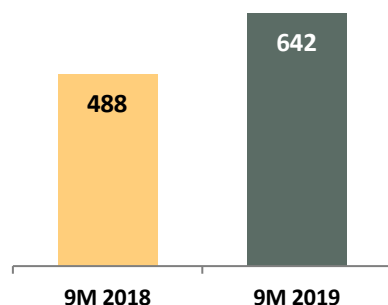
	9M2018	9M2019	% change
Number of Schools	19	19	0%
Number of Teachers	1,823	2,108	16%
Capacity (No. Students)	26,400	26,400	0%
Number of Students	21,426	24,248	13%
Pupil Teacher Ratio (PTR)	12	12	0%
Utilization	81%	92%	13%

## Revenue by Segment (9M2019)



■ Higher Education ■ K-12

## Revenue Progression (EGP mn)



## Financial Performance

### Key Financial Highlights

(EGP million)	Higher Education			K-12 Education			Total		
	9M18	9M19	Chg.	9M18	9M19	Chg.	9M18	9M19	Chg.
Tuition Revenue	221.8	311.8	41%	219.8	272.5	24%	441.7	584.4	32%
% of Revenue	92%	94%		89%	87%		91%	91%	
Other Revenue	19.9	18.7	-6%	26.4	39.3	49%	46.2	58.0	25%
% of Revenue	8%	6%		11%	13%		9%	9%	
<b>Total Revenue</b>	<b>241.7</b>	<b>330.6</b>	<b>37%</b>	<b>246.1</b>	<b>311.8</b>	<b>27%</b>	<b>487.9</b>	<b>642.4</b>	<b>32%</b>
EBITDA <sup>3</sup>	150.3	215.9	44%	101.5	132.4	30%	251.8	348.4	38%
EBITDA Margin	62%	65%		41%	42%		52%	54%	
<b>Net Profit<sup>3</sup></b>	<b>104.5</b>	<b>151.6</b>	<b>45%</b>	<b>60.85</b>	<b>98.25</b>	<b>61%</b>	<b>165.4</b>	<b>249.8</b>	<b>51%</b>
Net Profit Margin	43%	46%		25%	32%		34%	39%	

### Revenues

Total revenues grew by 32% year-on-year to post EGP 642.4 million in 9M19 from EGP 487.9 million in 9M18. Combined tuition revenue grew by 32% year-on-year to record EGP 584.4 million in 9M19, representing 91% of total revenues for the period. Revenues from other services, including bus fees, admission fees, and dormitories grew at 25% year-on-year to post EGP 58.0 million

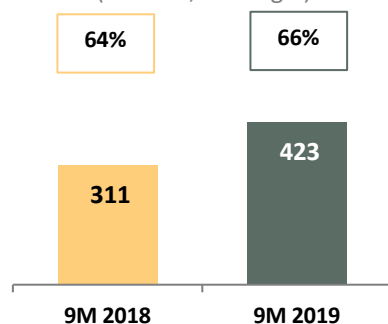
Tuition revenues from higher education came in at EGP 311.8 million in 9M19, representing a year-on-year growth of 41%, in line with the 42% increase in students at BUC during the same period. Higher education contributed to the bulk of tuition revenue growth, at 63% of absolute tuition revenue growth for 9M19. Other revenues from the higher education segment declined by 6% year-on-year to record EGP 18.7 million in 9M19. CIRA's total revenues from higher education services stood at EGP 330.6 million in 9M19, up 37% on their level a year previously and composing just over half of the Group's total consolidated revenues for the period.

Tuition revenue from K-12 services showed solid growth at 24% year-on-year to record EGP 272.5 million in 9M19, and contributed to 27% of total tuition revenue growth for the same period, driven by a combination of readjusted price points and higher enrollment. Other revenues from CIRA's K-12 segment grew by more than double its tuition revenue growth rate, climbing 49% year-on-year to post EGP 39.3 million for 9M19. CIRA's total revenues from K-12 services registered EGP 311.8 million during the period, up by 27% year-on-year.

<sup>3</sup> Refers to CIRA's Adjusted EBITDA and net profit, which factors out one-off IPO-related expenses incurred in 9M 2019 of EGP 12.9 million and EGP 5.4 million in previous years' losses from Egyptian Schools Company (Mavericks Schools) as a result of its consolidation

## Gross Profit Progression

(EGP mn, % margin)



## Gross Profit

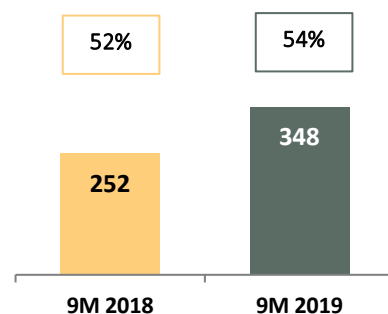
Gross profit grew by 36% year-on-year to record EGP 423.0 million in 9M19 compared to EGP 311.4 million in 9M18, representing a slightly faster growth rate than CIRA's top line during the same period. As a result, the gross profit margin grew by 2 percentage points to 66% in 9M19.

## SG&A<sup>4</sup>

CIRA recorded selling, general and administrative expenses of EGP 94.1 million in 9M19, up 67% year-on-year. SG&A as a percentage of sales was 15% in 9M19, up from 12% in 9M18 on the back of one-time IPO expenses incurred by CIRA during the period of EGP 12.9 million associated with its October 2018 listing and EGP 5.4 million in previous years' losses from Egyptian Schools Company (Mavericks Schools) as a result of its consolidation.

## EBITDA Progression

(EGP mn, % margin)



## EBITDA<sup>5</sup>

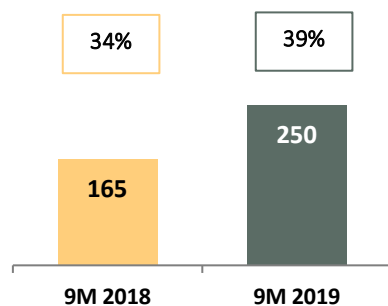
CIRA's adjusted EBITDA grew by 38% year-on-year to post EGP 348.4 million in 9M19, mirroring gross profit growth during the period. It is worth noting that the adjusted EBITDA has been normalized to exclude the one-time expenses of EGP 12.9 million and EGP 5.4 million included in the SG&A expense in 9M19.

## Net Profit<sup>5</sup>

Net profit for the first 9 months of the academic year came in at EGP 249.8 million, representing a 51% year-on-year growth, compared to EGP 165.4 million one year previously. Net profit growth was significantly higher than revenue growth on the back of stronger utilization in both K-12 and higher education segments, an increase in the gross profit margin and a positive net interest income compared to a net expense in the previous period. As a result, the Group's net profit margin climbed by 5 percentage points to reach 39% by 1.

## Net Profit Progression

(EGP mn, % margin)



## Balance Sheet

As at 31 May 2019, CIRA posted total assets of EGP 1.2 billion, up 27% from EGP 973.3 million as at 31 August 2018 on account of an EGP 125.7 million increase in projects under construction to EGP 132.8 million and an EGP 123.5 million increase in debtors and other debit balances. CIRA's total cash came in at EGP 109.7 million as at 31 May 2019, representing 9% of total assets.

Shareholders' equity recorded EGP 929.1 million as at 31 May 2019 up by almost two-fold from EGP 504.4 million as at 31 August 2018 while net debt fell to negative EGP 78.2 million from a positive net debt of EGP 23.4 million during the same period.

<sup>4</sup> CIRA's sales, general and administrative expenses for 9M2019 have been adjusted for one-off IPO-related expenses incurred in 9M 2019 of EGP 12.9 million and EGP 5.4 million in previous years' losses from Egyptian Schools Company (Mavericks Schools) as a result of its consolidation

<sup>5</sup> Refers to CIRA's Adjusted EBITDA and net profit, which factors out one-off IPO-related expenses incurred in 9M 2019 of EGP 12.9 million and EGP 5.4 million in previous years' losses from Egyptian Schools Company (Mavericks Schools) as a result of its consolidation

## Recent Corporate Developments

### Expansion of Existing Badr University

6 new faculties are currently under construction to add to the 9 existing faculties in the university. The new faculties include: School of Medicine, School of Veterinary Medicine, School of Law, School of Applied Health Sciences, School of Biotechnology and School of Humanities and Social Science. While CIRA has already obtained the approvals from the Ministry of Higher Education and Scientific Research, the Group is currently in the process of receiving the final president's decree required to officially launch operations.



Badr University Expansion

### Acquisition of BCCIS

In June 2019, CIRA acquired 60% of the share capital of Star Light Educational DMCC Corporation ("Star Light Education"). Star Light Education, originally founded in the United Arab Emirates, owns 100% of the British Columbia Canadian International School ("BCCIS"), located in Al Sharouq City in Egypt, enabling CIRA to indirectly own a majority share of 60% in BCCIS. The school, which operates from kindergarten until secondary school, currently teaches its 840 students using the BC curriculum, one of the top education systems worldwide. With a licensed capacity of 924 students, we are currently exploring the option to increase its capacity to 1,200 with no CAPEX outlay.

The transaction brings a new management team in place which merges BCCS' minority shareholders and founders, the Mostafa Family's experience with CIRA's current management team to help enhance the profitability of CIRA'S current portfolio of international schools and help it expand across Egypt.

### Land Payments

CIRA has obtained all approvals necessary from the New Urban Committees Authority (“NUCA”) for the allocation of 81 feddans at Nasser City in the west of Assiut Governorate to establish a private university and paid its first 15% installment of c. EGP 45 million on the land in July 2019. CIRA is on track to begin designing the landmark project in Assiut.

CIRA has also paid the initial installments for two plots of land, approved previously for CIRA by NUCA at year-end 2018. The land plots are located in El Alamain (North Coast), for which CIRA paid a first installment of 25% (or EGP 8.2 million) of its land value and New Mansoura City, Delta region, for which CIRA also paid its first installment of 25% (EGP 6.4 million) of the land value.

### About Cairo for Investment and Real Estate Development

Founded in 1992, CIRA is the single largest private sector investor working in the education sector in Egypt. The company’s vision emerged from the intent and desire to improve the quality of education in Egypt for the middle class in particular. With more than 31,000 students in 19 schools across 6 governorates and Badr University in Cairo, CIRA continues to offer high quality education at affordable prices for the Egyptian mid-market segment. CIRA’s K-12 schools offer multiple education tracks, including British, American, French, German and National curricula, and its students consistently place highly in national and district rankings; a testament to the quality of education our schools have to offer. We pride ourselves in owning all our schools and managing our operations and support services through the company’s subsidiaries. These services include: educational management, educational materials, technological solutions, construction, maintenance, and transportation. BUC currently has 9 colleges in a 45-acre campus and has more than 7,800 enrolled students as of Academic Year 2018/2019.

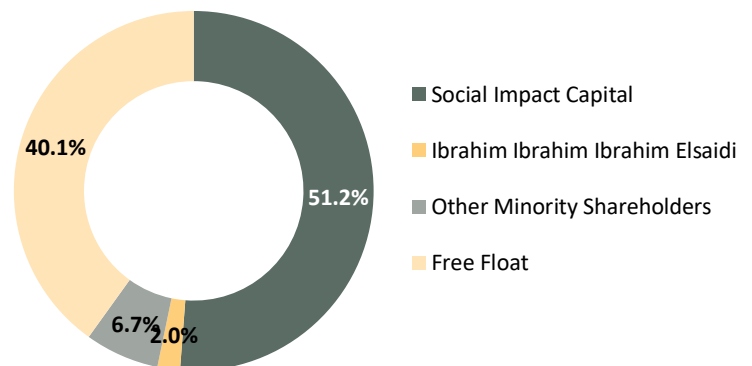
#### Contacts

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**Email: IR@cairoinvest.com.eg**

#### Share Information

Listing Date	1 Oct 2018
EGX Ticker	CIRA.CA
Shares Outstanding	582,790,325
Par Value / Share	EGP 0.40
Paid-up Capital	EGP 233.1 million

#### Shareholder Structure (as of 31 May 2019)



### *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 prices, costs, ability to retain the services of certain key employees, 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.



## Income Statement

### CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E." AND ITS SUBSIDIARIES

Consolidated statement of profit or loss for the nine-month period ended 31 May 2019

(All amounts in Egyptian Pounds)	9M 2019	9M 2018	YoY %
Operating revenue	642,394,040	487,904,099	31.7%
Operating costs	(261,399,852)	(209,659,804)	24.5%
<b>Gross profit</b>	<b>380,994,188</b>	<b>278,244,295</b>	<b>36.9%</b>
General and administrative expenses	(94,112,339)	(57,188,219)	64.6%
Provisions		(2,625,000)	
Other income	2,639,355	7,281,237	
<b>Operating profits</b>	<b>289,521,204</b>	<b>225,712,313</b>	<b>28.3%</b>
Finance costs – net	13,274,840	(10,585,045)	
<b>Profit before tax</b>	<b>302,796,044</b>	<b>215,127,268</b>	<b>40.8%</b>
Current tax	(71,495,943)	(48,916,277)	
Deferred tax	263,735	(813,621)	
<b>Profit for the period</b>	<b>231,563,836</b>	<b>165,397,370</b>	<b>40.0%</b>
<b>Profits attributable to</b>			
Owners of the Parent Company	223,694,896	157,198,680	42.3%
Non-controlling interests	7,868,940	8,198,690	-4.2%
<b>Profit for the period</b>	<b>231,563,836</b>	<b>165,397,370</b>	<b>40.0%</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share	0.34	0.25	

## Balance Sheet

### CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E." AND ITS SUBSIDIARIES

Consolidated statement of financial position as at 31 May 2019

(All amounts in Egyptian Pounds)	31-May-19	31-Aug-18
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	742,035,622	743,344,427
Projects under construction	132,757,530	7,044,657
Work in progress	24,097,785	24,097,785
Investment in associates	25,791,070	25,791,070
Held to maturity investments	0	1,000,000
Goodwill	5,936,481	5,936,481
<b>Total non-current assets</b>	<b>930,618,488</b>	<b>807,214,420</b>
<b>Current assets</b>		
Inventories	455,523	2,527,821
Held to maturity investments	1,000,000	0
Debtors and other debit balances	195,616,000	72,070,411
Cash on hand and at banks	109,705,702	91,503,367
<b>Total current assets</b>	<b>306,777,225</b>	<b>166,101,599</b>
<b>Total assets</b>	<b>1,237,395,713</b>	<b>973,316,019</b>
<b>Liabilities and shareholder's equity</b>		
<b>Shareholder's equity</b>		
Shareholder's equity attributable to owners of the Parent Company		
Issued and paid up capital	233,116,130	219,116,130
Undercall Paid-up Capital & Premium Issues		0
Reserves	222,538,045	32,003,019
Retained earnings	413,447,057	192,088,678
Total shareholders' equity attributable to owners of the Parent Company	869,101,232	443,207,827
Non-controlling interest	59,977,938	61,170,738
<b>Total shareholder's equity</b>	<b>929,079,170</b>	<b>504,378,565</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Non-current portion of borrowings and credit facilities	13,676,910	24,991,787
Deferred tax liabilities	3,296,763	3,592,063
<b>Total non-current liabilities</b>	<b>16,973,673</b>	<b>28,583,850</b>
<b>Current liabilities</b>		
Provisions	26,695,890	27,505,492
Creditors and other credit balances	114,767,379	96,672,075
Deferred revenue	59,118,442	185,203,224
Current income tax liabilities	72,949,946	41,075,377
Current portion of borrowings and credit facilities	17,811,213	89,897,436
<b>Total current liabilities</b>	<b>291,342,870</b>	<b>440,353,604</b>
<b>Total liabilities</b>	<b>308,316,543</b>	<b>468,937,454</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,237,395,713</b>	<b>973,316,019</b>