

Cairo for Investment and Real Estate Development Releases 9M 2019/2020 Results

9M 2019/2020¹ Financial & Operational Highlights

Revenue	Adjusted EBITDA	Net Profit
EGP 991.9 million	EGP 513.2 million	EGP 330.4 million
▲ 54% y-o-y	▲ 47% y-o-y 52% Margin	▲ 32% y-o-y 33% Margin
Cash Earnings	K-12 Students	Higher-ED Students
EGP 388.2 million	26.5 thousand	10.5 thousand
▲ 32% y-o-y	▲ 9% y-o-y 94% Utilization	▲ 33% y-o-y 79% Utilization
Geographical Reach	Number of Schools	Number of Faculties
6 Egyptian governorates	20 schools	10 faculties
1/20 Universities/Schools	2,375 Teachers	640 Professors

Cairo, 15 July 2020

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 2020, booking revenues of EGP 991.9 million during the period, up by 54% y-o-y. CIRA’s adjusted EBITDA came in at EGP 513.2 million in 9M 2019/20, up by 47% y-o-y and representing an EBITDA margin of 52%. Double-digit growth was sustained at the net profit level during the same period, which grew by 32% y-o-y to EGP 330.4 million in 9M 2019/20², representing a net profit margin of 33%.

Summary Income Statement

(EGP mn)	9M 18/20	9M 19/20	% change
Revenues	642.4	991.9	54%
Gross Profit	423.0	630.9	49%
Gross Profit Margin	66%	64%	
Adjusted EBITDA	348.4	513.2	47%
Adjusted EBITDA Margin	54%	52%	
Net Profit	249.8	330.4	32%
Net Profit Margin	39%	33%	

¹ The first half of CIRA’s fiscal year 2019/2020 begins 1 September 2019, in line with the academic year.

² In AC Y 2019-2020 CIRA Income Statement Charged with CAPMED G.M. of EGP 6.22M - Construction Revenue of EGP 23.9 M & Cost of EGP 17.66M

Note From the CEO

With school closures continuing into the third quarter of the academic year, CIRA remains on solid footing, with Group revenues for the first nine months of the academic year 2019/20 having already exceeded its full-year amount for the previous academic year by an exceptional 41%, which sees us on track to exceed the EGP 1 billion-mark by year-end 2019/20. Our ability to deliver such strong results in spite of the challenging operating conditions brought about by the COVID-19 pandemic has been the direct result of our multipronged approach to tackling this unprecedented crisis; CIRA was amongst the very first to transition to a full online learning framework, implementing a distance learning protocol matched only by Egypt's top-tier international school brands and emerging as a local champion and thought-leader among its peers. Our proactive stance and seamless transition to online schooling across all of CIRA's schools and Badr University Cairo (BUC) during the initial outbreak of COVID-19 can be attributed to the Group's 27 years of experience in Egypt's educational space and our executive management's ability to swiftly identify and mitigate the unique challenges posed by distance learning to the country's ever-growing student population. Our position as a leader and innovator in the education industry saw CIRA's strong involvement alongside the Ministry of Education and other peers as we worked together to develop the most appropriate protocols to ensure safe access to education for students across the country.

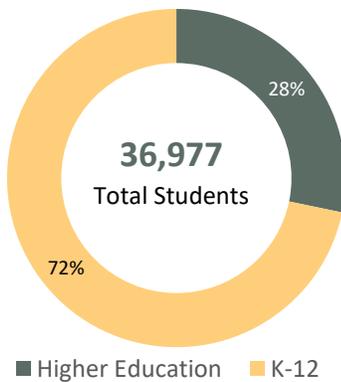
None of this would have been possible were it not for the dedication and excellent job of our educators and back-office staff, all of whom have continued to work extremely hard despite the challenges posed by the new social distancing guidelines. Our staff has shown great flexibility over the last several months and I would like to take this opportunity to thank each and everyone of them for their efforts. Our solid HR infrastructure, combined with daily virtual training sessions for our teaching staff for the use of CIRA's Learning Management System (LMS) and other various online tools, and dedicated technical support teams put in place across each school and campus, have facilitated CIRA's smooth and successful transition into digital learning. A key aspect behind the success of our distance learning framework, and an aspect that we take great pride in, is our belief in inclusive education. At CIRA, we understand that the ability of each student to adapt to online learning varies greatly, with some students being able to adjust better than others to the new reality. This is why our teachers, classroom assistants, and school counselors continue to work together to develop tailored learning experiences to best cater to the individual needs of each student. Students who require additional assistance are given access to one-on-one sessions with educators as well as custom-fit learning materials and assignments to ensure that no student is left behind. This hands-on approach has ensured no interruptions in curriculum delivery across all our schools with no delays in assignment deadlines and exams.

On the business development side, I am pleased to report that the ongoing challenges posed by COVID-19 did not slow down our expansion efforts. During the quarter, we continued to make good progress on the development of our new facilities with construction at the Regent British School, which is now at 78% completion. For more construction updates across our new developments, please see our youtube page, [linked here](#).

CIRA's continued transparency and constant communication with our stakeholders has seen us weather the pandemic's effect on global and regional equity markets considerably well, with minimal impact to our share price. Heading into the final quarter of the 2019-20 academic year and into the new year, we are confident that our proactive approach to the crisis, our robust business model, and the favourable fundamentals underpinning the Egyptian education sector, will see us achieve further growth while continuing to deliver world-class education to thousands of students across Egypt in the safest manner possible.

Mohamed El Kalla, Chief Executive Officer

**Total Students by Segment
(9M 19/20)**



Operational Performance

Higher Education

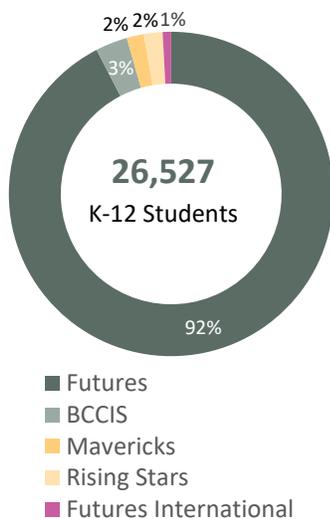
CIRA's higher education segment is comprised of the company's flagship Badr University (BUC), which currently operates ten faculties, including a new faculty of Film, Theater, Performing and Visual Art introduced in late 2018 and a new school of Medicine, launched in February 2020 .

Enrollment at BUC grew by 33% y-o-y to 10,450 students as at 9M 2019/20 from 7,885 students as at 9M 2018/19. Despite the university's increased capacity of 13,310 students in the current academic year, utilization grew by an exceptional 18 percentage points year-on- year to 79% in 9M 2019/20. The growth in enrollment came with an increase in professors recruited year-on-year as at 9M 2019/20, bringing our pupil teacher ratio (PTR) up to 16.3 from 12.9 in the same period last year.

Key Operational Highlights

	9M 18/19	9M 19/20	% change
Number of Faculties	9	10	11%
Number of Professors	610	640	5%
Capacity (No. Students)	13,030	13,310	2%
Number of Students	7,885	10,450	33%
Pupil Teacher Ratio (PTR)	12.9	16.3	26%
Utilization	61%	79%	+18pp

**K-12 Students by School Brand
(9M 19/20)**



K-12 Education

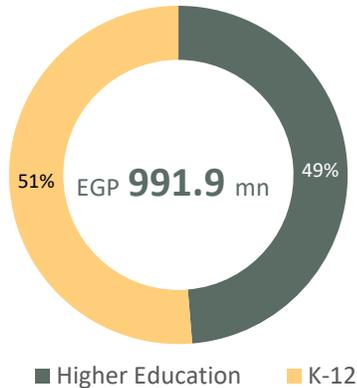
CIRA's K-12 segment is made up of 20 schools located across six governorates. The schools operate under four distinct brands: Futures, Futures International, Mavericks, and Rising Stars.

Total enrollment at CIRA's K-12 platform came in at 26,527 students as at 9M 2019/20, up 9% y-o-y from 24,248 students as at 9M 2018/19. With a total capacity growth of 7% y-o-y in parallel to 28,300 students, utilization ultimately grew by 2 percentage points y-o-y to 94% in 9M 2019/20.

Key Operational Highlights

	9M 18/19	9M 19/20	% change
Number of Schools	19	20	5%
Number of Teachers	2108	2,375	13%
Capacity (No. Students)	26,400	28,300	7%
Number of Students	24,248	26,527	9%
Pupil Teacher Ratio (PTR)	11.5	11.2	-3%
Utilization	92%	94%	+2pp

Revenue by Segment (9M 19/20)



Financial Performance

Key Financial Highlights

(EGP million)	Higher Education			K-12 Education			Total		
	9M 18/19	9M 19/20	Chg.	9M 18/19	9M 19/20	Chg.	9M 18/19	9M 19/20	Chg.
Tuition Revenue	311.8	445.8	43%	272.5	431.0	58%	584.4	876.8	50%
% of Revenue	94%	92%		87%	85%		91%	88%	
Other Revenue	18.7	37.2	98%	39.3	77.9	98%	58.0	115.1	98%
% of Revenue	6%	8%		13%	15%		9%	12%	
Total Revenue	330.6	483.0	46%	311.8	508.9	63%	642.4	991.9	54%
Adj. EBITDA	215.9	324.2	50%	132.4	189.0	43%	348.4	513.2	47%
Adj. EBITDA Margin	65%	67%		42%	37%		54%	52%	
Net Profit	151.6	232.4	53%	98.3	98.0	0%	249.8	330.4	32%
Net Profit Margin	46%	48%		32%	19%		39%	33%	

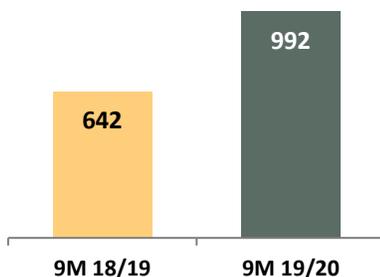
Revenues

CIRA's total revenues came in at EGP 991.9 million in 9M 2019/20, representing 54% y-o-y growth from EGP 642.4 million in 9M 2018/19 driven by double-digit growth in both the Group's tuition revenue and other revenue (which includes bus, admission and dormitory fees). Tuition revenue, which contributed highest to total revenue at 88% in 9M 2019/20, grew by 50% y-o-y to EGP 876.8 million in from EGP 584.4 million in the same period last year on the back of higher revenues from the Group's K-12 and higher education segments. Meanwhile, other revenue grew by 98% y-o-y to EGP 115.1 million in 9M 2019/20 from EGP 58.0 million in 9M 2018/19 on the back of increased admissions across both segments, despite lower bus fees generated in light of school closures due to the COVID-19 pandemic. Its contribution to total revenues grew by 3 percentage points to 12% during the same period.

At CIRA's higher education platform, total revenues grew by 46% y-o-y in 9M 2019/2020 to record EGP 483.0 million on the back of tuition revenue growth, which increased by 43% y-o-y to EGP 445.9 million during 9M 2019/20. Meanwhile, other revenue almost doubled to EGP 37.2 million in 9M 2019/20 from EGP 18.7 million during the same period in the previous year.

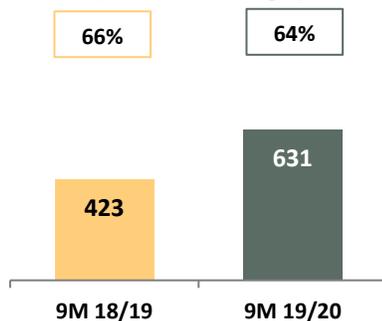
At CIRA's K-12 segment, total revenue for the first nine months of the year grew by 63% y-o-y to EGP 508.9 million in 9M 2019/20 with tuition fee revenue up by 58% y-o-y to EGP 431.0 million in 9M 2019/2020. Similar to the Group's higher education platform, other revenues at the K-12 segment almost doubled to EGP 77.9 million in 9M 2019/20 from EGP 39.3 million in 9M 2018/19.

Revenue Progression (EGP mn)



Gross Profit Progression

(EGP mn, % margin)



Gross Profit

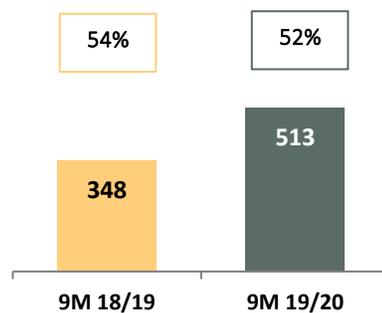
CIRA recorded a gross profit of EGP 630.9 million in 9M 2019/20, representing a y-o-y increase of 49% y-o-y from EGP 423.0 million recorded in H1 2018/2019. Gross profit margin for H1 2019/2020 came in at 64%, down 2 percentage points from 66% margin in H1 2018/2019.

SG&A

Selling, general and administrative expenses amounted to EGP 119.4 million in 9M 2019/20, representing an increase of 79% y-o-y. As a percentage of sales, SG&A expenses fell by 3 percentage points year-on-year to c.12% in 9M 2019/20 from the c.15% recorded in the nine months of the previous year.

Adj. EBITDA Progression

(EGP mn, % margin)



Adjusted EBITDA

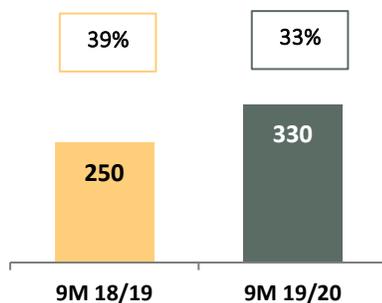
CIRA's adjusted EBITDA grew by 47% y-o-y to EGP 513.2 million in 9M 2019/20 from EGP 348.4 million in 9M 2018/19. The Group recorded an adjusted EBITDA margin of 52% in the same period, down 2 percentage points from 54% recorded in 9M 2018/19.

Net Profit

CIRA's net profit came in at EGP 330.4 million in 9M 2019/20, representing a 32% y-o-y increase from EGP 249.8 million recorded during the same period last year. The Group's corresponding net profit margin of 33% during the period came 6 percentage points lower than the 39% net profit margin generated in 9M 2018/19.

Net Profit Progression

(EGP mn, % margin)



Balance Sheet

As of 31 May 2020, CIRA recorded total assets of EGP 2.32 billion, up 58% year-to-date from EGP 1.47 billion as of 31 August 2019, driven largely by an increase in non-current assets, with property, plant and equipment recording EGP 1.64 billion as of 31 May 2020, up 60% year-to-date. Total asset growth for the Group was further driven by short-term debtors and other debit balances, which grew by 93% year-to-date to EGP 388.0 million as of 31 May 2020. CIRA's cash on hand and at banks recorded EGP 135.2 million as of 31 May 2020, contributing c.6% to the Group's total assets.

Shareholders' equity stood at EGP 1.17 billion as of 31 May 2020, representing an increase of 31% year-to-date compared to EGP 890.0 million as of 31 August 2019. Net debt as of 31 May 2020 came in at EGP 743.6 million versus a net debt of EGP 103.9 million as of 31 August 2019.

Recent Developments



BUC's New International Campus – Agreements with leading Universities

The last quarter has seen CIRA ink an agreement with the University of Arizona's (UA) online learning platform to extend its distance learning programs to CIRA's higher-education segment for the coming 2020/21 academic year, which is expected to generate considerable traction as students increasingly turn to distance learning in light of the current situation. This deal, alongside a full-fledged Hospitality Academy planned under CIRA's previously signed agreement with the Swiss Business & Hotel Management School (B.H.M.S.), will provide the foundation for BUC's new international campus. Both programs offer substantial opportunities to our higher education students and are proof-positive of CIRA's ability to continue growing and expanding despite the obstacles stemming from COVID-19 and its related economic uncertainty.



New MSCI Index Inclusion

MSCI Inc, the leading provider of research-based indexes and analytics, announced the addition of CIRA to the MSCI ACWI Small Cap Index in its May 2020 Semi-Annual Index Review for the MSCI Equity Indexes, which was made official on 29 May 2020.



BUC Ranks 79th in Unitar's List of Global Top 100 Innovative Universities

The United Nations Institute for Training And Research (Unitar) released its 2020 ranking for the World's Universities With Real Impact (WURI), a new system developed to evaluate innovative programs in academic institutions globally designed to measure universities' performance in creating real values to society, with Badr University coming in at 79th place overall in its list of the Global Top 100 Innovative Universities. As part of the review, BUC was ranked 16th and 33rd respectively among the top 50 ranked universities in the categories of Ethical Value and Student Mobility. The recognition and ranking by the United National Institute for Training and Research stands testament to the Group's objectives to impact our students and inspire Egypt's youth, with innovation being key in creating the leaders of tomorrow.



BUC's Employability Program – Support from the IFC

BUC's Employability Program, which is extended to current students and alumni, is pleased to gain support from the IFC via its Employability Tool, a diagnostic tool extended tertiary education institutions understand how well they are preparing graduates for the job market. The Employability Tool measures main factors in learning, retention, graduation, and placement rates to assess an institution's effectiveness and will build on BUC's ongoing efforts to advance its Employability Program.



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 36,000 students in 20 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 10 faculties in a 45-acre campus and has more than 10,400 enrolled students as of Academic Year 2019/2020.

<p>Contacts</p> <p>Tel: +(202) 2274-1667 Email: IR@cairoinvest.com.eg</p> <p>Share Information</p> <table border="1"> <tr> <td>Listing Date</td> <td>1 Oct 2018</td> </tr> <tr> <td>EGX Ticker</td> <td>CIRA.CA</td> </tr> <tr> <td>Shares Outstanding</td> <td>582,790,325</td> </tr> <tr> <td>Par Value / Share</td> <td>EGP 0.40</td> </tr> <tr> <td>Paid-up Capital</td> <td>EGP 233.1 million</td> </tr> </table>	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	<p>Shareholder Structure (as of 31 May 2020)</p> <table border="1"> <tr> <td>■ Social Impact Capital</td> <td>51.22%</td> </tr> <tr> <td>■ Norway Bank</td> <td>4.96%</td> </tr> <tr> <td>■ Free Float</td> <td>44.09%</td> </tr> </table>	■ Social Impact Capital	51.22%	■ Norway Bank	4.96%	■ Free Float	44.09%
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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, 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 2020

(All amounts in Egyptian Pounds)	9M 2019/2020	9M 2018/2019	Y-o-Y %
Operating revenue	991,844,728	642,394,040	64.8%
Operating costs	(417,073,406)	(261,399,852)	62.7%
Gross profit	574,771,322	380,994,188	66.3%
General and administrative expenses	(119,413,408)	(94,112,339)	78.8%
Goodwill Impairment			
Provisions			
Other income	2,775,194	2,639,355	
Operating profits	458,133,108	289,521,204	63.2%
Finance costs – net	(28,325,112)	13,274,840	
Profit before tax	429,807,996	302,796,044	70.4%
Current tax	(99,662,010)	(71,495,943)	
Deferred tax	259,224	263,735	
Profit for the period	330,405,210	231,563,836	70.1%
Profits attributable to			
Owners of the Parent Company	308,922,975	223,694,896	72.4%
Non-controlling interests	21,482,235	7,868,940	36.6%
Profit for the period	330,405,210	231,563,836	70.1%
Earnings per share			
Basic and diluted earnings per share	0.44	0.34	



Balance Sheet

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

Consolidated statement of financial position as at 31 May 2020

(All amounts in Egyptian Pounds)	31-May-20	31-Aug-19
Assets		
Non-current assets		
Property, plant and equipment	1,641,443,443	961,870,938
Projects under construction	0	0
Work in progress	24,576,325	26,236,589
Investment in associates	73,947,308	57,421,325
Held to maturity investments		0
Goodwill	28,975,049	803,420
Total non-current assets	1,768,942,125	1,046,332,272
Current assets		
Inventories	9,722,659	661,838
Held to maturity investments	20,586,896	1,000,000
Debtors and other debit balances	388,013,736	260,920,863
Cash on hand and at banks	135,239,217	163,026,674
Total current assets	553,562,508	425,609,375
Total assets	2,322,504,633	1,471,941,647
Liabilities and shareholder's equity		
Shareholder's equity		
Shareholder's equity attributable to owners of the Parent Company		
Issued and paid up capital	233,116,130	233,116,130
Under call Paid-up Capital & Premium Issues		
Reserves	229,879,860	222,538,045
Retained earnings	593,624,096	378,014,151
Total shareholders' equity attributable to owners of the Parent Company	1,056,620,086	833,668,326
Non-controlling interest	110,062,476	56,370,363
Total shareholder's equity	1,166,682,562	890,038,689
Liabilities		
Non-current liabilities		
Non-current portion of borrowings and credit facilities	493,510,365	66,879,677
Deferred tax liabilities	33,245,928	3,934,028
Total non-current liabilities	526,756,293	70,813,705
Current liabilities		
Provisions	63,679,491	33,205,054
Creditors and other credit balances	327,465,803	177,431,195
Deferred revenue	79,068,269	211,730,601
Current income tax liabilities	100,987,760	66,104,436
Current portion of borrowings and credit facilities	57,864,455	22,617,967
Total current liabilities	629,065,778	511,089,253
Total liabilities	1,155,822,071	581,902,958
Total liabilities and shareholders' equity	2,322,504,633	1,471,941,647