

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

FY 2019/2020¹ Financial & Operational Highlights

Revenue	Adjusted EBITDA	Net Profit
EGP 1,087.9 million	EGP 476.7 million	EGP 267.3 million
▲ 54% y-o-y	▲ 46% y-o-y 44% Margin	▲ 21% y-o-y 25% Margin
Cash Earnings	K-12 Students	Higher-ED Students
EGP 345.7 million	26.5 thousand	10.3 thousand
▲ 24% y-o-y	▲ 9% y-o-y 94% Utilization	▲ 31% y-o-y 78% Utilization
Geographical Reach	Number of Schools	Number of Faculties
6 Egyptian governorates	20 schools	10 faculties
1/20 Universities/Schools	2,375 Teachers	640 Teaching Staff

Cairo, 8 November 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 full year ending 31 August 2020, recording exceptional revenue growth of 54% y-o-y to 1,087.9 million in FY 2019/20. Meanwhile, adjusted EBITDA² came in at EGP 476.7 million in FY 2019/20, up by 46% y-o-y and yielding an EBITDA margin of 43.8%. Double-digit top-line growth trickled down to the bottom line, with net profit up by 21% y-o-y to record EGP 267.3 million in FY 2019/20³, representing a net profit margin of 24.6%.

Summary Income Statement

(EGP mn)	FY 18/19	FY 19/20	% change
Revenues	704.7	1,087.9	54%
Gross Profit ⁴	432.5	633.0	46%
Gross Profit Margin	61%	58%	
Adjusted EBITDA	326.0	476.7	46%
Adjusted EBITDA Margin	46%	44%	
Net Profit	221.1	267.3	21%
Net Profit Margin	31%	25%	

¹ CIRA's fiscal year 2019/2020 began on 1 September 2019, in line with the academic year.

² CIRA's Adjusted EBITDA factors out one-off IPO-related expenses incurred in FY 18/19 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 plus EGP 5.1 million in Egyptian Educational Systems goodwill impairment and EGP 5.1 million tax provisions.

³ In audited FY2019/20 accounts, CIRA's income Statement Charged with CAPMED G.M. of EGP 9.1M - Construction Revenue of EGP 29.1M & Cost of EGP 20M

⁴ Gross profit is adjusted for the depreciation of fixed assets, as per the segmental analysis in the audited financials

Note From the CEO

With the end of the 2019/20 academic year, we can reflect on what has been a challenging period brought about by the COVID-19 pandemic and the scale of its impact across industries and markets globally during the year. At CIRA, swift measures were taken to maintain business continuity with the employment of our distance learning protocol, and we are happy to report the Group's success in delivering our curricula across our institutions without disruption and ensuring the job safety, salary security and wellbeing of all our Group employees, all while diminishing the risk of on-site transmission with the overarching commitment to keep our students, staff and their loved ones safe. To this end, CIRA faced only one COVID-19 related mortality among its staff by year-end.

We are especially pleased with the speed and efficiency with which CIRA was able to respond to the closure of schools and universities across Egypt in March, having moved the full curricula across CIRA's schools and Badr University Cairo (BUC) online within 72 hours of activating our distance learning protocol. Utilizing technology and tools matched only by Egypt's top-tier international school brands, CIRA has emerged as a thought leader among its peers by providing cutting-edge distance learning solutions to its students across all price points. We are also very proud of our teaching staff and faculty's ongoing commitment and dedication to helping our students continue their educational journeys during the year. Supported by a solid HR infrastructure, virtual training sessions for CIRA's learning management system (LMS) and dedicated technical support teams, our teachers, classroom assistants, and school counselors continued to work together to develop tailored learning experiences to best cater to the individual needs of each student. Additionally, we introduced flexible tuition payment mechanisms and options during the year, which was met by positive feedback from our students' caregivers and bore fruit for the Group, with more than 95% of FY 2019/20 tuition fees collected by year-end.

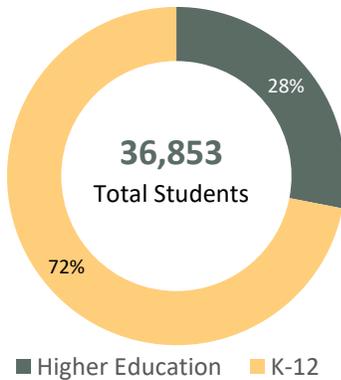
While the student capacity across our K-12 and higher education segments increased year-on-year, so did their utilization rates, which came in at 94% and 78% respectively during the year on the back of a faster pace of new enrollments; CIRA admitted an additional 2,262 students across our K-12 institutions and 2,458 new enrollments at Badr University in FY2019/20. The uptick in volumes falls in line with our organic growth strategy to drive new demand through innovative new offerings and lucrative partnerships aimed at providing our students with programs and curricula options which are highly tailored to their unique career aspirations, while staying true the promise of quality our stakeholder families have come to expect at our schools and university. These efforts work to expand the choices available to our students while paving new avenues for growth and value creation at CIRA. Looking to the upcoming 2020/21 academic year, we have already seen a significant increase in enrollments alongside the inauguration of four new faculties at BUC and our new Regent British School⁵ in Mansoura. Going forward, we will continue to explore opportunities which allow us to provide Egypt's middle and upper-middle class with the highest standard in quality education at affordable price points, while reinforcing CIRA's position as the premier provider of accessible world-class education in Egypt.

With the employment of our hybrid learning model for the 2020/21 academic year, which involves a combination of on-site learning and distance learning through our Learning Management System, we have implemented stringent safety standards across CIRA's portfolio of schools. This includes strict physical distancing guidelines, the provision of appropriate protective gear, the promotion of health and hand hygiene, regular cleaning and disinfecting of our facilities and an established protocol to follow for students or teachers who appear to show symptoms. We look forward to delivering solid growth in the upcoming academic year, while remaining steadfast in our dedication to ensuring the safety of our students and faculty across CIRA's learning institutions.

Mohamed El Kalla, Chief Executive Officer

⁵ Now registered as Cambridge Primary School (See Page 7 - "Recent Developments" for details)

**Total Students by Segment
(FY 19/20)**



Operational Performance

Higher Education

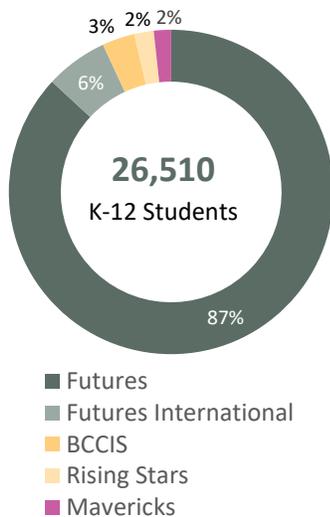
CIRA's higher education segment is comprised of the company's flagship Badr University (BUC), which operated ten faculties in FY 19/20, including its new school of Medicine, launched in February 2020.

While capacity for BUC grew by 2% year-on-year to 13,310 students as at FY 2019/20, enrollment grew by a faster pace of 31% y-o-y to 10,343 students during the same period. The substantial increase in enrollment year-on-year was reflected by a 17.2 percentage-point increase in its utilization rate, which came in at 78% in FY 2019/20 compared to 61% in the previous year. Meanwhile, the size of BUC's teaching staff grew by 5% year-on-year to 640 in FY 2019/20, resulting in the expansion of the university's pupil teacher ratio (PTR) to 16.2 from 12.9 in the same period last year.

Higher Ed | Key Operational Highlights

	FY 18/19	FY 19/20	% change
Number of Faculties	9	10	11%
Teaching Staff Size	610	640	5%
Capacity (No. Students)	13,030	13,310	2%
Number of Students	7,885	10,343	31%
Pupil Teacher Ratio (PTR)	12.9	16.2	25%
Utilization	61%	78%	+17.2pp

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



K-12 Education

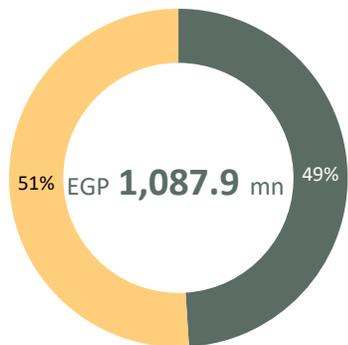
Located across six governorates, CIRA's K-12 segment had 20 schools under its portfolio in FY19/20, operating under four distinct brands: Futures, Futures International, BCCIS, Mavericks, and Rising Stars.

Total enrollment at CIRA's K-12 platform grew by 9% year-on-year to record 26,510 students in FY 2019/20, up 9% y-o-y. Similarly, student capacity grew by 7% year-on-year, resulting in an increase in the segment's utilization rate of 1.8 percentage points y-o-y to come in at 94% in FY 2019/20. The segment's PTR decreased slightly year-on-year to record 11.2 in FY 2019/20 on account of a 13% increase in teaching staff to 2,375 teachers during the same period.

K-12 | Key Operational Highlights

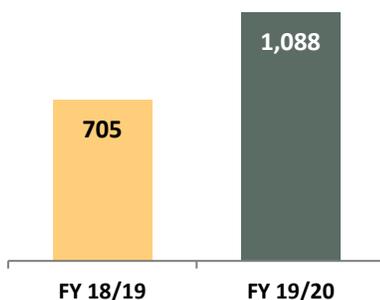
	FY 18/19	FY 19/20	% change
Number of Schools	19	20	5%
Number of Teachers	2,108	2,375	13%
Capacity (No. Students)	26,400	28,300	7%
Number of Students	24,248	26,510	9%
Pupil Teacher Ratio (PTR)	11.5	11.2	-3%
Utilization	92%	94%	+1.8pp

**Revenue by Segment
(FY 19/20)**



■ Higher Education ■ K-12

**Revenue Progression
(EGP mn)**



Financial Performance

Key Financial Highlights

(EGP million)	Higher Education			K-12 Education			Total		
	FY 18/19	FY 19/20	Chg.	FY 18/19	FY 19/20	Chg.	FY 18/19	FY 19/20	Chg.
Tuition Revenue	347.1	498.0	43%	277.9	441.6	59%	625.0	939.6	50%
% of Revenue	94%	93%		83%	80%		89%	86%	
Other Revenue	21.2	38.1	79%	58.5	110.2	88%	79.7	148.3	86%
% of Revenue	6%	7%		17%	20%		11%	14%	
Total Revenue	368.3	536.1	46%	336.4	551.8	64%	704.7	1087.9	54%
Adj. EBITDA	219.6	337.3	54%	106.4	139.4	31%	326.0	476.7	46%
Adj. EBITDA Margin	60%	63%		32%	25%		46%	44%	
Net Profit	149.2	234.7	57%	71.9	32.5	-55%	221.1	267.3	21%
Net Profit Margin	41%	44%		21%	6%		31%	25%	

Revenues

CIRA's total revenues exceeded the one-billion-mark in FY 2019/20, recording EGP 1,087.9 million, up by 54% y-o-y from EGP 704.7 million in FY 2018/19 driven by double-digit growth across the Group's tuition and other revenue (which includes bus, admission and dormitory fees) streams.

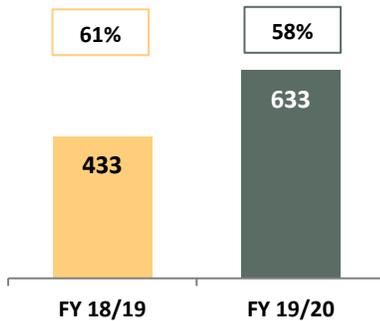
Tuition revenue contributed the lion's share of total revenue at 86% to come in at EGP 939.6 million in FY 2019/20, up 50% y-o-y. Tuition revenue growth was driven by the solid increase in enrollment across its K-12 and Higher-education segments. Meanwhile, other revenues grew by 86% y-o-y to record EGP 148.3 million in FY 2019/20 on the back of increased enrollments coupled with EGP 29.1 million in construction revenue recorded during the period, overriding the reduction in bus fees as a result of school closures due to the COVID-19 pandemic. Other revenues saw its contribution to total revenues increase to 14% to total revenues in FY 2019/20 compared to 11% in FY 2018/19.

At CIRA's higher education platform, total revenues grew by 46% y-o-y to EGP 536.1 million in FY 2019/20, primarily due to growth in tuition revenues, which represented the lion's share of higher-ed revenues, at 93%, in FY 2019/20. Tuition revenues within the segment grew by 43% y-o-y to EGP 498.0 million during the same period on the back of increased enrollment. Meanwhile, other revenue almost doubled to EGP 38.1 million in FY 2019/20 from EGP 21.2 million recorded in the previous year.

At CIRA's K-12 segment, total revenue came in at EGP 551.8 million in FY 2019/20, representing a 64% y-o-y increase during the period. Similar to our higher-education segment, growth was primarily driven by tuition revenue during the period, which represented 80% of the segment's total revenue and grew by 59% y-o-y to EGP 441.5 million. Growth in tuition revenue was dual-driven by both an increase in enrollments and tuition prices. Overall revenue growth in the segment was further helped by a significant increase in other revenues, which grew by 88% y-o-y to EGP 110.2 million in FY 2019/20.

Gross Profit Progression

(EGP mn, % margin)



Gross Profit

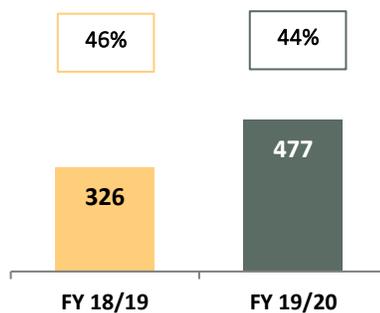
CIRA recorded a gross profit of EGP 633.0 million in FY 2019/20, up by 46% y-o-y from EGP 432.5 in FY 2018/2019, driven primarily by revenue growth for the period. The resulting GPM came in at 58.2% in FY 2019/20, down 3.2 percentage points y-o-y, due to a slight increase in operating expenses as a percentage of revenue.

SG&A

Selling, general and administrative expenses recorded EGP 156.0 million in FY 2019/20, up by 24% y-o-y for the period. As a percentage of sales, SG&A expenses fell by 3.5 percentage to 14.3% in FY 2019/20 compared to 17.8% recorded in the previous year, representing improved economies of scale and higher cost-efficiencies.

Adj. EBITDA Progression

(EGP mn, % margin)



EBITDA

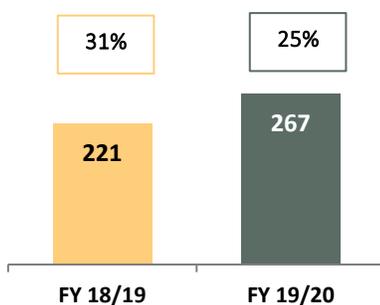
CIRA's adjusted EBITDA grew by 46% y-o-y to EGP 476.7 million in FY 2019/20 from EGP 326.0 million in FY 2018/19. The Group's adjusted EBITDA margin came in at 43.8% in the same period, down 2.4 percentage points and driven primarily by accrued real estate tax expenses amounting to EGP 7.3 million, EGP 3 million in doubtful debt provisions (which took into account the impact of COVID-19), EGP 9 million in bus fee refunds as mandated by the government, and an EGP 8 million increase year-on-year in annual staff bonuses paid to BUC's faculty.

Net Profit

CIRA's net profit came in at EGP 267.3 million in FY 2019/20, representing a 21% y-o-y increase from EGP 221.1 million recorded in the previous year. The Group's net profit margin came in at 24.6%, down 6.8 percentage points y-o-y due to a EGP 56 million increase in finance costs on the back of a EGP 593 million increase in net debt between FY 2018/19 and FY 2019/20, coupled with a EGP 10 million decrease in interest income received during the same period.

Net Profit Progression

(EGP mn, % margin)



Balance Sheet

As of 31 August 2020, CIRA recorded total assets of EGP 2.42 billion, up 65% y-o-y from EGP 1.47 billion as of 31 August 2019 on the back of an increase in non-current assets, with property, plant and equipment recording EGP 1.86 billion as of 31 August 2020, up 94% y-o-y. Total asset growth for the Group was further driven by investments in associates as a result of CIRA's investment in BCCIS, which grew by 41% y-o-y to EGP 80.8 million as of 31 August 2020. CIRA's cash on hand and at banks came in at EGP 208.6 million as of 31 August 2020, contributing 8.6% to the Group's total assets.

Shareholders' equity stood at EGP 1.10 billion as of 31 August 2020, representing an increase of 24% y-o-y compared to EGP 890.0 million as of 31 August 2019. Net debt as of 31 August 2020 came in at EGP 696.6 million, versus EGP 103.9 million as of 31 August 2019.

Recent Developments



Regent British School Registered as Cambridge Primary School

CIRA is pleased to report that Regent British School has officially become registered as Cambridge Primary School after becoming accredited by Cambridge International, whose programmes and qualifications set the global standard for international education and are recognized by the world's best schools and universities.



Interviews with CEO, Mohamed El Kalla, for CNBC Arabia & Sky News

Two separate interviews with CIRA's CEO, Mohamed El Kalla, for CNBC and Sky News took place in October, highlighting CIRA's emergence as a thought-leader in Egypt's education space.

[Link to CNBC Interview](#)

[Link to Sky News Interview](#)



BUC's Nursing College | Agreement with TIEC

The College of Nursing at Badr University has signed on for the evaluation of its curriculum by 10 Texas-based nursing schools under the Texas International Education Consortium with the aim of developing BUC's nursing school to become fully-accredited by the Board of American Universities. Funded by BUC and Fulbright Commission in Egypt, Badr University's College of Nursing is also in the process of developing an online learning platform to facilitate distance learning, as well as a practical learning education platform, in partnership with Suez Canal University.



Other BUC Partnerships

BUC signed agreements of cooperation with Austria-based IMC FH Krems University of Applied Sciences on 5 April 2020 and Finland University on 11 April 2020; both to commence upon the global easing of the COVID-19 Pandemic.

Award-Winning Students Across Futures Schools | Extracurricular Activities

As a follow-up to the academic awards received by students of CIRA's group of K12 schools announced in CIRA's 9M 2019/20 Earnings Release, CIRA is pleased to highlight key extracurricular awards received students across its portfolio of Futures Schools, which highlight the Group's broader commitment to providing a holistic learning experience to its students.

Academic Awards

- Yara Khaled, First Place globally in the International UC Math Competition which was held in Cambodia.
- Abdelrahman Hatem, Silver Medal in the Egyptian Olympiad in Informatics
- Ahmed Yasser, Bronze Medal in the Egyptian Olympiad in Informatics
- Malak Hossam, First Place across Egypt in the national reading competition.

Sports Awards

- Hamsa Ahmed, 2nd Place and Silver Medal in the Egyptian National Karate.
- Mariam Assem, 3rd place on the national level in the Egypt's Official Cycling Tournament.
- Fady Kerolos, First Place in the Egyptian National Karate Competition
- Youssef Amr, Ranked first in the Egyptian Equestrian championship.
- Mohamed Essam, Ranked 1st nationally in the Egyptian Judo Competition under 18 and 3rd in the regional Arab Judo Competition.
- Nouran Mostafa & Nada Mostafa & Noha Mostafa, Gold Medals in the Aikido National Competition



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.

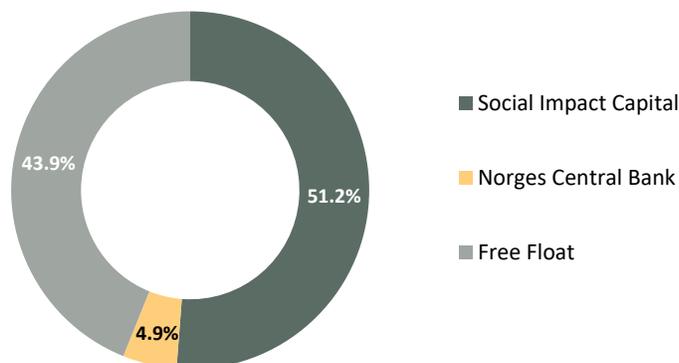
Contacts

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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 August 2020)



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 fiscal year ended 31 August 2020

(All amounts in Egyptian Pounds)	FY 2019/2020	FY 2018/2019	Y-o-Y %
Operating revenue	1,087,913,436	704,679,311	54.4%
Operating costs	(530,870,121)	(328,484,348)	61.6%
Gross profit	557,043,315	376,194,963	48.1%
General and administrative expenses	(156,001,337)	(125,655,955)	24.1%
Goodwill Impairment		(5,133,061)	
Provisions	(2,700,682)	(6,541,606)	
Other income	5,140,431	4,911,104	
Operating profits	403,481,727	243,775,445	65.5%
Finance costs – net	(52,641,969)	13,791,729	
Profit before tax	350,839,758	257,567,174	36.2%
Current tax	(82,830,943)	(64,650,433)	
Deferred tax	(757,736)	(341,965)	
Profit for the period	267,251,079	192,574,776	38.8%
Profits attributable to			
Owners of the Parent Company	254,765,036	188,261,990	35.3%
Non-controlling interests	12,486,043	4,312,786	189.5%
Profit for the period	267,251,079	192,574,776	38.8%
Earnings per share			
Basic and diluted earnings per share	0.35	0.28	

Balance Sheet

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

Consolidated statement of financial position as at 31 August 2020

(All amounts in Egyptian Pounds)	31-Aug-20	31-Aug-19
Assets		
Non-current assets		
Property, plant and equipment	1,862,335,309	961,870,938
Projects under construction	0	0
Work in progress	24,159,924	26,236,589
Investment in associates	80,768,658	57,421,325
Held to maturity investments		
Goodwill	28,975,049	803,420
Total non-current assets	1,996,238,940	1,046,332,272
Current assets		
Inventories	7,253,985	661,838
Held to maturity investments		1,000,000
Debtors and other debit balances	217,852,567	260,920,863
Cash on hand and at banks	208,626,454	163,026,674
Total current assets	433,733,006	425,609,375
Total assets	2,429,971,946	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	229,271,204	222,538,045
Retained earnings	539,466,157	378,014,151
Total shareholders' equity attributable to owners of the Parent Company	1,001,853,491	833,668,326
Non-controlling interest	101,052,062	56,370,363
Total shareholder's equity	1,102,905,553	890,038,689
Liabilities		
Non-current liabilities		
Non-current portion of borrowings and credit facilities	507,480,859	66,879,677
Deferred tax liabilities	34,262,888	3,934,028
Non-current creditors and other credit balances	94,805,855	-
Total non-current liabilities	636,549,602	70,813,705
Current liabilities		
Provisions	68,766,125	33,205,054
Creditors and other credit balances	225,579,375	177,431,195
Deferred revenue	234,661,208	211,730,601
Current income tax liabilities	84,156,700	66,104,436
Current portion of borrowings and credit facilities	77,353,383	22,617,967
Total current liabilities	690,516,791	511,089,253
Total liabilities	1,327,066,393	581,902,958
Total liabilities and shareholders' equity	2,429,971,946	1,471,941,647