

Cairo for Investment and Real Estate Development Releases H1 2019/2020 Results

H1 2019/2020¹ Financial & Operational Highlights

Revenue EGP 666.5 million ▲ 57% y-o-y	EBITDA EGP 336.8 ▲ 45% y-o-y 51% Margin	Net Profit EGP 223.7 million ▲ 34% y-o-y 34% Margin
Cash Earnings EGP 261.3 million ▲ 34% y-o-y	K-12 Students 26.8 thousand ▲ 10% y-o-y 95% Utilization	Higher-ED Students 10.5 thousand ▲ 33% y-o-y 71% Utilization
Geographical Reach 6 Egyptian governorates 1/19 Universities/Schools	Number of Schools 20 schools > 2,375 Teachers	Number of Faculties 10 faculties > 640 Professors

Cairo, 16 April 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 six-month period ending 29 February 2020, booking revenues of EGP 666.5 million during the period, up by 57% y-o-y. CIRA’s adjusted EBITDA grew by 45% y-o-y to EGP 336.8 million in H1 2019/2020, with an associated margin contraction of 4.1 percentage points to 51%. Net profit for the period came in at EGP 223.7 million in H1 2019/2020², up by an exceptional 34% y-o-y from EGP 167.1 million a year previously, with net profit margin coming in at 34%.

Summary Income Statement

(EGP mn)	H1 18/19	H1 19/20	% change
Revenues	424.1	666.5	57%
Gross Profit	276.4	417.3	51%
Gross Profit Margin	65%	63%	
Adjusted EBITDA	231.6	336.8	45%
Adjusted EBITDA Margin	55%	51%	
Net Profit	167.1	223.7	34%
Net Profit Margin	39%	34%	

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

² CIRA’s income statement for 19/20 YTD recorded CAPMED’s construction revenue and cost of 23.9M & 17.7M respectively, amounting to GP of 6.2M year-to-date



Note From the CEO

With education systems across the globe experiencing unprecedented fallout from the COVID-19 pandemic, CIRA's operational focus has shifted to ensuring that students are able to access our top-tier curricula with minimal disruption. At the time of writing, it has been one month since Egypt's government mandated the closure of schools and universities as part of its efforts to arrest the spread of the virus. While CIRA is mindful of the instability that this has caused for families, the gravity of the situation has made such closures necessary for the protection both of our students and of their loved ones. As the company rapidly adjusts to these circumstances, our priority is to ensure the safety of our people and of the students they have been entrusted with.

CIRA's teams can take pride in the speed and efficiency with which they have responded to these extraordinary circumstances: across CIRA's schools and Badr University Cairo (BUC), full curricula were moved online within 72 hours of the activation of our distance learning protocol on 15 March. Our teaching staff are fully equipped with the technology, training and tools required to deliver class material, ensure that touch points and learning objectives are met, and manage and monitor virtual attendance. For the more than twenty thousand K12 students who attend our institutions at lower tuition price-points – a majority of the student body – CIRA has emerged as a local champion and thought-leader among its peers, implementing a distance learning protocol matched only by Egypt's top-tier international school brands and equipping its virtually migrated classes with the finest tools in the market. We have also preemptively revisited our K-12 admission process and are developing our online admissions portal to encompass the full journey, from lead generation to tuition payment, for the coming academic year.

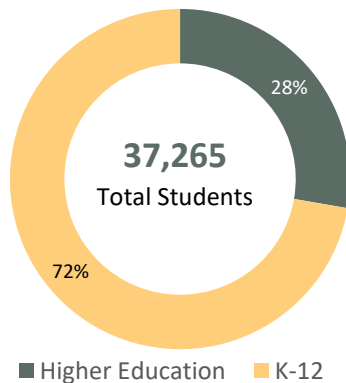
CIRA has implemented a strict physical distancing policy across the board, with a strong technological platform established through a variety of communication tools to accommodate the nearly 80% of our staff currently working remotely, while CIRA's remaining essential staff continue to carry out their functions in half-shifts on a rotational basis. Building on previously-conducted professional development programs, CIRA's K-12 faculty and core staff attend daily remote training sessions to ensure that they are kept up-to-date with the latest distance learning tools and online teaching methods and are fully supported 24/7 by a dedicated tech team from our IT division to ensure the seamless delivery of classes with minimal disruption. In the spirit of open communication and collaboration, CIRA's executive management team regularly upgrade the company's board on all matters related to its digital migration, with any meeting of 2 or more persons held through videoconferencing. As for the essential staff who continue to be present at CIRA premises, a comprehensive upgrade to our HSE policies and guidelines have been made to with an eye to ensuring their safety. This upgrade encompasses the safe handling of cash and material, appropriate protective gear, as well as recommended practice in hygiene and social distancing. Stringent procedures have been implemented to maintain cleanliness at our premises. Meanwhile, as an added precautionary measure, CIRA has procured the supplies necessary to begin periodic disinfection of all institutional buildings.

CIRA remains on track to deliver six new facilities at BUC for the upcoming academic year, with construction work, save for minor finishing and fittings, completed as of this quarter. Further afield at Mansoura, construction at the Regent British School is proceeding at an adjusted intensity. The site is operating at 60% capacity and workers are implementing strict physical distancing and PPE guidelines. With an eye to reducing travel times and distances for construction personnel, CIRA has rented accommodation in the vicinity and has grounded all transport vehicles used by its construction arm.

Despite the trying circumstances which have cast a shadow on education systems across the globe, CIRA continues to lay the groundwork that will consolidate and further develop the company's position as Egypt's premier provider of quality, accessible education. We are confident that CIRA, its educators and its students will emerge from these times stronger than before, and our teams fully prepared to realize the company's strategic objectives.

Mohamed El Kalla, Chief Executive Officer

Total Students by Segment (H1 19/20)



Operational Performance

Higher Education

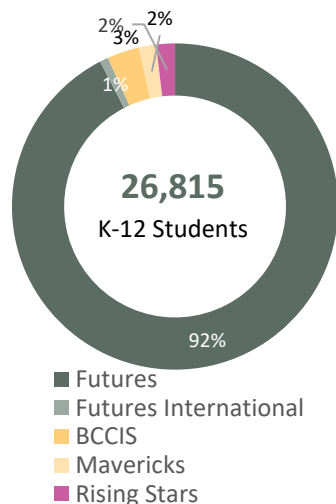
CIRA's higher education segment is comprised of the company's flagship Badr University (BUC), which currently operates ten faculties, including a new faculty of Film, Theater, Performing and Visual Art introduced in late 2018 and a new school of Medicine, launched in February 2020 .

Enrollment at BUC came in at 10,450 students as at H1 2019/2020, up 33% y-o-y from the 7,885 students enrolled this time last year. This brings the university's utilization rate up by an exceptional 11 percentage points to 71% based on the school's expanded capacity of 14,710 students during the same period.

Key Operational Highlights

	H1 18/19	H1 19/20	% change
Number of Faculties	9	10	11%
Number of Professors	610	640	5%
Capacity (No. Students)	13,030	14,710	13%
Number of Students	7,885	10,450	33%
<i>Pupil Teacher Ratio (PTR)</i>	<i>12.9</i>	<i>16.3</i>	<i>26%</i>
<i>Utilization</i>	<i>61%</i>	<i>71%</i>	<i>+11pp</i>

K-12 Students by School Brand (H1 19/20)



K-12 Education

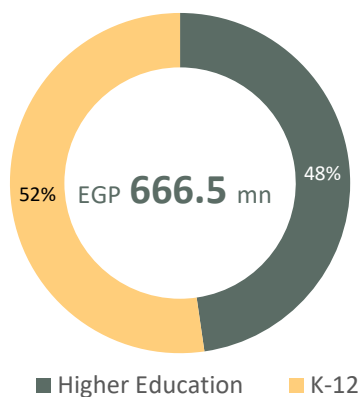
CIRA's K-12 segment is made up of 20 schools located across six governorates. The schools operate under four distinct brands: Futures, Futures International, Mavericks, and Rising Stars.

At CIRA's K-12 platform, total enrollment grew by 10% y-o-y to record 26,815 students in the first half of the 2019/2020 academic year. Despite growing our total capacity in parallel by 7% y-o-y to 28,300 students in H1 2019/20, we successfully saw a spike in our utilization rate of 3 percentage points to 95% during the same period.

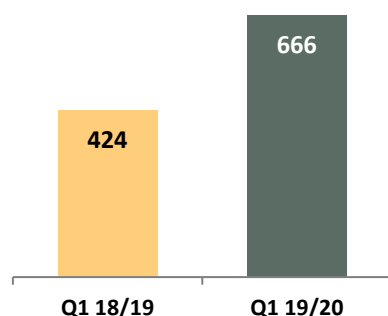
Key Operational Highlights

	H1 18/19	H1 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	24,290	26,815	10%
<i>Pupil Teacher Ratio (PTR)</i>	<i>11.5</i>	<i>11.3</i>	<i>-2%</i>
<i>Utilization</i>	<i>92%</i>	<i>95%</i>	<i>+3pp</i>

Revenue by Segment (H1 19/20)



Revenue Progression (EGP mn)



Financial Performance

Key Financial Highlights

(EGP million)	Higher Education			K-12 Education			Total		
	H1 18/19	H1 19/20	Chg.	H1 18/19	H1 19/20	Chg.	H1 18/19	H1 19/20	Chg.
Tuition Revenue	205.7	289.1	41%	177.7	282.5	59%	383.4	571.6	49%
% of Revenue	94%	91%		87%	81%		90%	86%	
Other Revenue	13.5	28.5	111%	27.1	66.4	145%	40.6	94.9	134%
% of Revenue	6%	9%		13%	19%		10%	14%	
Total Revenue	219.2	317.6	45%	204.8	348.9	70%	424.0	666.5	57%
EBITDA ³	146.0	212.0	45%	85.8	124.9	46%	231.6	336.8	45%
EBITDA Margin	67%	67%		42%	36%		55%	51%	
Net Profit	103.4	153.1	48%	63.7	70.7	11%	167.1	223.7	34%
Net Profit Margin	47%	48%		31%	20%		39%	34%	

Revenues

CIRA booked total revenues of EGP 666.5 million in H1 2019/2020, representing a 57% y-o-y, primarily driven by solid growth in our tuition segment, which grew by 49% y-o-y to EGP 571.6 million and represented the lion's share of total revenue, at 86% during the same period. Other revenue, which includes bus fees, admission fees, and dormitories, more than doubled year-on-year to EGP 94.9 million in H1 2019/2020 from EGP 40.6 million in the previous year, resulting in its increasing contribution of 4 percentage points to the Group's top line at 14%.

At CIRA's higher education platform, total revenues came in at EGP 317.6 million in H1 2019/2020, up 45% y-o-y. Growth was driven by tuition revenue, which increased by 41.1% y-o-y to record EGP 289.1 million during the same period. Meanwhile, other revenue spiked by 111% y-o-y to EGP 28.5 million in H1 2019/2020.

At the K-12 division total revenue for the first half of the year grew by an exceptional 70% y-o-y to EGP 163.7 million. Tuition fee revenue at the segment increased by 59% y-o-y to EGP 282.5 million in H1 2019/2020 while other revenues increased by 145% y-o-y to EGP 66.4 million for the period.

Gross Profit

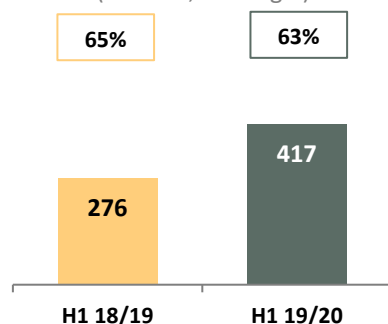
CIRA's gross profit for the first half of the year grew by 51% y-o-y to EGP 417.3 million in H1 2019/2020 from EGP 276.4 million recorded in H1 2018/2019. Gross profit margin for H1 2019/2020 came in at 63% versus a 65% margin in H1 2018/2019.

³ CIRA's Adjusted EBITDA factors out one-off Maintenance Expenses Related to AC Y 2019-2020 3.1M Charged to Q1.

⁴ In AC Y 2019-2020 CIRA Income Statement Charged with CAPMED Construction Revenue as well as Cost 13.3M & 11M Respectively with G.M 2.3M.

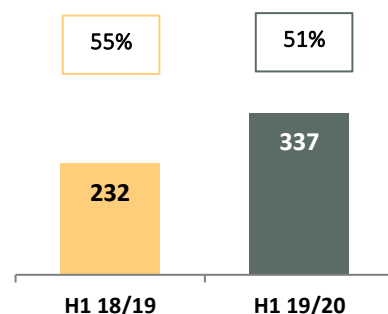
Gross Profit Progression

(EGP mn, % margin)



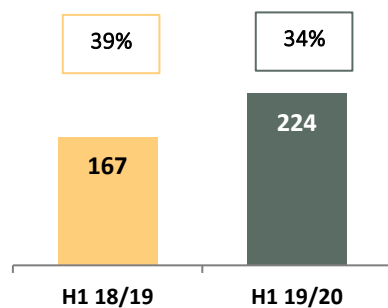
EBITDA Progression

(EGP mn, % margin)



Net Profit Progression

(EGP mn, % margin)



SG&A

CIRA recorded adjusted selling, general and administrative expenses of EGP 80.7 million in H1 2019/2020, representing an increase of 26% y-o-y. As a percentage of sales, SG&A expenses were down by 3 percentage points year-on-year to c.12% from the c.15% share recorded in the first half of the previous year.

EBITDA

CIRA's adjusted EBITDA came in at EGP 336.8 million in H1 2019/2020, an increase of 45% compared to the EGP 231.6 million adjusted EBITDA booked in the comparable period a year ago. The adjusted EBITDA margin came in at 51% in H1 2019/2020 versus a 55% adjusted EBITDA margin recorded in H1 2018/2019.

Net Profit

CIRA's net profit grew by 34% y-o-y to EGP 223.7 million in H1 2019/2020 compared to EGP 167.1 million in H1 2018/2019. The Group's net profit margin came in at 34% for the period, down 5 percentage points compared to a 39% margin recorded in the first half of 2018/2019.

Balance Sheet

As of 29 February 2020, CIRA recorded total assets of EGP 2.45 billion, up 32% from EGP 1.47 billion as of 31 August 2019, driven largely by an increase in property, plant and equipment to EGP 1.59 billion as of 29 February 2020 from EGP 747.3 million as of 31 August 2019, and short-term debtors and other debit balances, which more than doubled to EGP 415.0 million versus EGP 201.3 million during the same period. CIRA's cash on hand and at banks came in at EGP 292.4 million as at 29 February 2020, contributing c.11% to the Group's total assets.

Shareholders' equity came in at EGP 1.06 billion as of 29 February 2020, representing an increase of 19% year-to-date from EGP 890.0 million as of 31 August 2019. CIRA's net debt as of 29 February 2020 stood at EGP 567.6 million versus a net debt of EGP 103.9 million as of 31 August 2019.

Recent Corporate Developments



Agreement with Swiss Business & Hotel Management School

We constantly strive to broaden and deepen the scope of our educational curricula, with an eye to equipping students with the skills needed to thrive in the Egyptian economy. To this end, February saw Badr University conclude an agreement with the Swiss Business & Hotel Management School (B.H.M.S.) for the transfer of skills and the provision of training and a curriculum to the University, with plans to launch two programs in Hotel and Tourism Management under its Business School for the upcoming academic year across both its existing campus and new campus in Assuit, which is on schedule to begin operations in 2021. Founded in 1998 in Lucerne, Switzerland as part of the Bénédict Switzerland group of schools, one of the country's largest private educational institutions, B.H.M.S. is one of the world's most reputable hospitality schools, offering 900 students degrees in Hotel and Hospitality Management each year. Beyond the two programs to be launched this September, BUC plans to inaugurate a full-fledged Hospitality Academy faculty as part of BUC's new international campus.



Agreement with Orascom Development for 2 New Schools in O West

CIRA is committed to the continuous expansion of our operational footprint, bringing accessible, quality education to communities across the nation. In March, CIRA signed a cooperation agreement with Orascom Development, an integrated developer of resort towns, to open a further two schools in Egypt at Orascom's latest residential project, O West. The two schools, Saxony International School (SIS) and British Columbia Canadian International School (BCCIS), will offer K12 students a German and Canadian curriculum, respectively, targeting the market's upper-middle income segment with tuition rates 20% below those offered at peer institutions. The schools are expected to open their doors for the 2021-2022 academic year.



Management and Revenue-Sharing Agreement between CIRA subsidiary and Sharm Prime School

Further afield, this February saw the conclusion of a management and revenue-sharing agreement between CIRA subsidiary Internal Company for Educational Systems and Sharm Prime School, based in Sharm El Sheikh. Sharm Prime School boasts a unique and highly innovative value proposition, providing students with a curriculum that imparts the skills required to engage with the region's dominant tourism industry, including instruction in languages frequently spoken among foreign visitors to the area, such as Russian.

Impacting Egypt's Education Quality



Futures Educational Systems Training Course

The second quarter of 2020 saw more than 1,200 teachers, administrators and school leaders attend the midyear training course at Futures Educational Systems. Held over a span of three days across six locations and covering areas from lesson planning to classroom hygiene, the program is the largest of its type in Egypt's private education sector.



Top-Ranking Students

Our investments in human capital are part and parcel of our broader commitment to superior academic outcomes, a commitment which finds broad expression across our educational footprint. It is displayed in the achievements of Ms. Dareen Ibrahim, a student of Futures Language School based in East Nasr City, who has been selected by the Ministry of Education as her district and governorate's top-ranked pupil.



UNESCO Association

The second quarter of 2019 saw the Cairo Education Directorate's election of Futures Language School in Nasr City as a UNESCO Associated School for 2019-2020.



British Council Art Competition Winners

CIRA is committed to ensuring that its students are provided a broad and well-rounded educational experience that encompasses the full range of sporting and artistic pursuits. This quarter, students at Futures British School won the British Council Art Competition, going on to perform as the sole Egyptian delegation to an audience of 300 international representatives.

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 37,000 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 9 colleges in a 45-acre campus and has more than 10,200 enrolled students as of Academic Year 2019/2020.

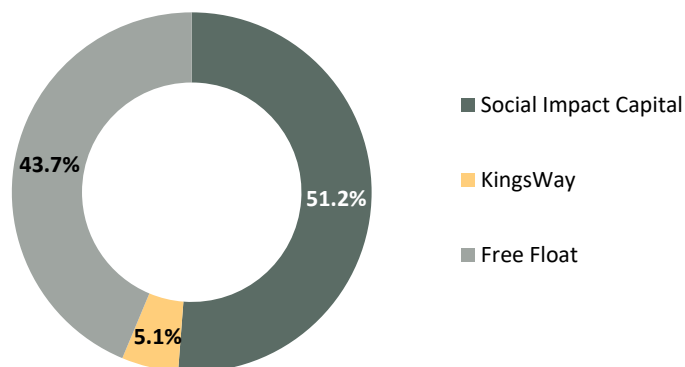
Contacts

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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 29 February 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



H1 2019/2020 EARNINGS RELEASE

Cairo | 16 April 2020

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 six-month period ended 29 February 2020

(All amounts in Egyptian Pounds)	H1 2019/2020	H1 2018/2019	Y-o-Y %
Operating revenue	666,473,230	424,093,446	57.2%
Operating costs	(286,567,770)	(174,985,193)	63.8%
Gross profit	379,905,460	249,108,253	52.5%
General and administrative expenses	(80,670,589)	(63,958,136)	26.1%
Goodwill Impairment			
Provisions			
Other income	2,158,875	1,272,541	
Operating profits	301,393,746	186,422,658	61.7%
Finance costs – net	(13,782,024)	7,112,653	
Profit before tax	287,611,722	193,535,311	48.6%
Current tax	(64,351,691)	(45,589,948)	
Deferred tax	474,881	490,476	
Profit for the period	223,734,912	148,435,839	50.7%
Profits attributable to			
Owners of the Parent Company	209,834,571	144,158,297	45.6%
Non-controlling interests	13,900,341	4,277,542	225.0%
Profit for the period	223,734,912	148,435,839	50.7%
Earnings per share			
Basic and diluted earnings per share	0.3	0.26	

Balance Sheet

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

Consolidated statement of financial position as at 29 February 2020

(All amounts in Egyptian Pounds)	29-Feb-20	31-Aug-19
Assets		
Non-current assets		
Property, plant and equipment	1,591,682,265	747,302,108
Projects under construction	0	214,568,829
Work in progress	24,573,825	85,856,401
Investment in associates	69,843,625	57,421,325
Held to maturity investments		0
Goodwill	28,975,049	803,420
Total non-current assets	1,715,074,764	1,105,952,083
Current assets		
Inventories	5,840,486	661,838
Held to maturity investments	19,999,575	1,000,000
Debtors and other debit balances	414,952,281	201,301,052
Cash on hand and at banks	292,408,133	163,026,674
Total current assets	733,200,475	365,989,564
Total assets	2,448,275,239	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	230,272,705	222,538,045
Retained earnings	493,657,917	378,014,151
Total shareholders' equity attributable to owners of the Parent Company	957,046,752	833,668,326
Non-controlling interest	102,548,841	56,370,363
Total shareholder's equity	1,059,595,593	890,038,689
Liabilities		
Non-current liabilities		
Non-current portion of borrowings and credit facilities	463,788,335	66,879,677
Deferred tax liabilities	33,030,271	3,934,028
Total non-current liabilities	496,818,606	70,813,705
Current liabilities		
Provisions	63,679,491	33,205,054
Creditors and other credit balances	331,721,963	177,431,195
Deferred revenue	366,246,400	211,730,601
Current income tax liabilities	65,677,441	66,104,436
Current portion of borrowings and credit facilities	64,535,746	22,617,967
Total current liabilities	891,861,041	511,089,253
Total liabilities	1,388,679,647	581,902,958
Total liabilities and shareholders' equity	2,448,275,240	1,471,941,647