

Cairo for Investment and Real Estate Development Releases Q1 2019/2020 Results

Q1 2019/2020¹ Financial & Operational Highlights

Revenue	EBITDA	Net Profit
EGP 313.1 million	EGP 156.1	EGP 109.0 million
▲ 56% y-o-y	▲ 48% y-o-y 50% Margin	▲ 47% y-o-y 35% Margin
Cash Earnings	K-12 Students	Higher-ED Students
EGP 127 million	26.8 thousand	10.3 thousand
▲ 65% y-o-y	▲ 11% y-o-y 95% Utilization	▲ 31% y-o-y 79% Utilization
Geographical Reach	Number of Schools	Number of Faculties
6 Egyptian governorates	20 schools	9 faculties
1/19 Universities/Schools	> 2,375 Teachers	> 630 Professors

Cairo, 15 Jan 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 first quarter results for the 2019/2020 academic year, reporting a 56% y-o-y rise in revenue to EGP 313.1 million. CIRA's adjusted EBITDA² for the period increased 48% compared to the same quarter of last year, recording EGP 156.1 million for the first quarter, with an associated margin of 50% versus a 53% margin recorded last year. Net profit came in at EGP 109.0 million, up by a solid 47% compared to the same three months of last year, with net profit margin coming in at 35% for the quarter compared to 37% in Q1 2018/2019.

Summary Income Statement

(EGP mn)	Q1 18/19	Q119/20	% change
Revenues	200.9	313.1	56%
Gross Profit	128.5	194.0	51%
Gross Profit Margin	64%	62%	
Adjusted EBITDA ²	105.7	156.1	48%
Adjusted EBITDA Margin	53%	50%	
Net Profit	74.3	109.0	47%
Net Profit Margin	37%	35%	

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

² CIRA's Adjusted EBITDA factors out one-off Maintenance Expenses Related to AC Y 19-20 3.1M Charged to Q1.

³ 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 and a margin of 17%.



Note From the CEO

Following a successful 2018/2019 academic year, the 2019/2020 academic year kicked off on a positive note, with CIRA reporting solid growth in Q1 2019/2020 across the full spectrum of its financial and operational performance metrics and continuing to deliver exceptional value for its students and shareholders alike.

On the financial side, CIRA continue to report impressive top and bottom line growth during the first three months of the new academic year. Revenues recorded a 56% increase y-o-y to reach EGP 313.1 million. Solid growth in our top line was supported by both our higher education and K-12 segments, as both benefitted from a rapid expansion in enrollment figures for the new year. Adjusted EBITDA reported an impressive 48% y-o-y expansion for the quarter to EGP 156.1 million, from the EGP 105.7 million figure recorded in the same three months a year ago. Strong revenue growth trickled down to CIRA's bottom line, with net profit for the period coming in at EGP 109.0 million, up by a solid 47% y-o-y.

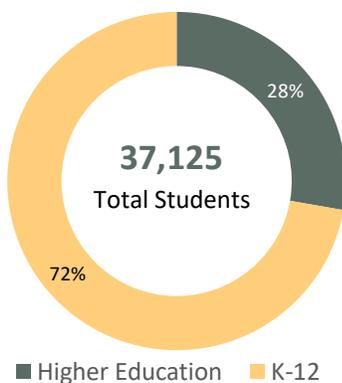
I would like to take this opportunity to officially announce and welcome the latest school to join CIRA's K-12 platform, Regent British School. The addition of the new school in the Delta city of New Mansoura comes as part of our wider geographic expansion efforts. Construction work at the facility is continuing on schedule with the opening date for the new facility currently set for September 2020. Presently, the first phase of the project, which includes the facility's Elementary school and administration buildings, is well on its way to completion, which is expected by August of this year. In parallel, we are also working on hiring administration and teaching staff, sourcing the classroom furniture and student uniforms, renovating teachers' accommodations, and setting up a new marketing campaign which we will launch in the early part of 2020.

On the regulatory front, following constructive policy dialogue spearheaded by CIRA, the EGX has decided to make Education the 18th industry in the bourse's classification system. The decision, which was announced in December 2019 following the latest review of the EGX's classification framework, was designed to be in line with international practices and will come into effect as of 2020. At this time, I would like to express our gratitude to the officials at the Egyptian Exchange who took note of CIRA's arguments and whose decision will help ensure that qualified and serious foreign investors enter the sector. The changes create a system that more accurately reflects the activities of listed companies, allowing passive investors to better track indexes and industry-specific performance. This stands to help the sector's overall development in the coming years, with CIRA ideally positioned to benefit from the incoming flows of investment in the industry.

All in all, the 2019/2020 academic year got off to an extremely positive start, and we enter the new decade with renewed excitement and confidence that the coming year will be our best one yet. With our operations growing, and our ability to deliver solid financial results intact, we are on track to once again outperform our targets and continue providing Egyptian students with high quality, accessible education to better the lives and opportunities of our future leaders and innovators.

Mohamed El Kalla, Chief Executive Officer

Total Students by Segment (Q1 19/20)



Operational Performance

Higher Education

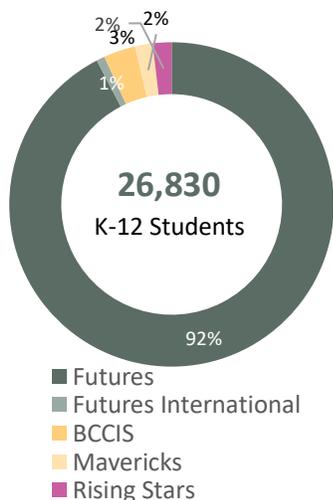
CIRA's higher education segment is comprised of the company's flagship Badr University (BUC), which currently operates nine faculties, including a new faculty of Film, Theater, Performing and Visual Art introduced in late 2018.

Enrollment at BUC increased by 31% to 10,295 students in Q1 2019/2020 compared to the 7,850 students enrolled this time last year. This brings the university's utilization rate up to 79% compared given the school's total capacity of 13,030 students.

Key Operational Highlights

	Q1 18/19	Q1 19/20	% change
Number of Faculties	9	9	0%
Number of Professors	610	630	3%
Capacity (No. Students)	13,030	13,030	0%
Number of Students	7,850	10,295	31%
<i>Pupil Teacher Ratio (PTR)</i>	13	16	27%
<i>Utilization</i>	60%	79%	31%

K-12 Students by School Brand (Q1 19/20)



K-12 Education

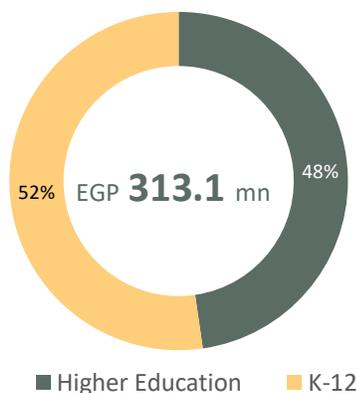
CIRA's K-12 segment is made up of 20 schools located across six governorates. The schools operate under four distinct brands: Futures, Futures International, Mavericks, and Rising Stars.

At CIRA's K-12 platform, total enrollment rose 11% to 26,830 students in the first quarter of the 2019/2020 academic year. In parallel, total capacity rose 7% y-o-y to 28,300 students bringing the total utilization rate at CIRA's K-12 platform in Q1 2019/2020 to 95% compared to 92% in the same quarter a year ago.

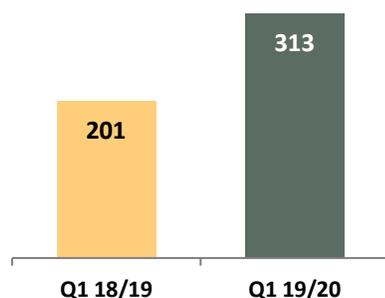
Key Operational Highlights

	Q1 18/19	Q1 19/20	% change
Number of Schools	19	20	5%
Number of Teachers	1,971	2,375	26%
Capacity (No. Students)	26,400	28,300	7%
Number of Students	24,233	26,830	11%
<i>Pupil Teacher Ratio (PTR)</i>	12	11	-12%
<i>Utilization</i>	92%	95%	3%

Revenue by Segment (Q1 19/20)



Revenue Progression (EGP mn)



Financial Performance

Key Financial Highlights

(EGP million)	Higher Education			K-12 Education			Total		
	Q1 18/19	Q1 19/20	Chg.	Q1 18/19	Q1 19/20	Chg.	Q1 18/19	Q1 19/20	Chg.
Tuition Revenue	96.7	133.4	38%	82.2	128.9	57%	178.9	262.3	47%
% of Revenue	92%	89%		86%	79%		89%	84%	
Other Revenue	8.8	15.9	82%	13.2	34.8	164%	22	50.8	131%
% of Revenue	8%	11%		14%	21%		11%	16%	
Total Revenue	105.6	149.4	41%	95.4	163.7	72%	200.9	313.1	56%
EBITDA ³	69.8	101.4	45%	35.9	54.7	52%	105.7	156.1	48%
EBITDA Margin	66%	68%		38%	33%		53%	50%	
Net Profit	48.3	83.4	73%	25.9	25.6	-1%	74.3	108.9	47%
Net Profit Margin	46%	56%		27%	16%		37%	35%	

Revenues

CIRA's total revenues increased 56% to EGP 313.1 for Q1 2019/2020. Combined tuition revenue increased 47% to EGP 262.3 million for the first quarter of the new 2019/2020 academic year compared to EGP 178.9 million in the same three months of the previous year, with tuition's contribution to CIRA's top-line decreasing to 84% for the period versus 89% the previous year. Revenues from other services — including bus fees, admission fees, and dormitories — was up 131% y-o-y to EGP 50.8 million for the quarter.

At CIRA's higher education platform, total revenues increased 41% y-o-y to EGP 149.4 million for Q1 2019/2020. Tuition fees revenue for the segment increased 38% y-o-y to EGP 133.4 million for the quarter, in line with the 31% y-o-y rise in enrollment rates at BUC university. Higher education contributed to 61% of CIRA's overall topline growth for the quarter.

At the K-12 division total revenue for the quarter increased to EGP 163.7 million up 72% compared to the total revenue of EGP 95.4 million recorded in the comparable period a year ago. Tuition fees revenue at the K-12 segment increased 57% y-o-y to EGP 128.9 million in Q1 2019/2020 while other revenues increased by an impressive 164% y-o-y to EGP 34.8 million for the period.

Gross Profit

CIRA's gross profit for the quarter increased to EGP 194.0 million up a solid 51% compared to the gross profit of EGP 128.5 million recorded in the first quarter of the previous year. Gross profit margin for Q1 2019/2020 came in at 62% versus a 64% margin in Q1 2018/2019.

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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)

64%

62%

129

194

Q1 18/19

Q1 19/20

EBITDA Progression

(EGP mn, % margin)

53%

50%

106

156

Q1 18/19

Q1 19/20

Net Profit Progression

(EGP mn, % margin)

37%

35%

74

109

Q1 18/19

Q1 19/20

SG&A

Adjusted selling, general and administrative expenses came in at EGP 38.5 million, an increase of 11% y-o-y. As a percentage of sales, SG&A expenses were c.12%, down from the c.17% share recorded in the first quarter of the previous year.

EBITDA

CIRA's adjusted EBITDA came in at EGP 156.1 million in Q1 2019/2020, an increase of 48% compared to the EGP 105.7 million adjusted EBITDA recorded in the comparable period a year ago. The associated margin came in at 50% versus a 53% adjusted EBITDA margin recorded this time last year.

Net Profit

CIRA's bottom line expanded 47% y-o-y to EGP 109.9 million in Q1 2019/2020. The Group's net profit margin came in at 35% for the period compared to a 37% margin recorded in the first quarter of 2018/2019.

Balance Sheet

As of 30 November 2019, CIRA recorded total assets of EGP 1.86 billion, up 26% from EGP 1.49 billion as of 31 August 2019. The increase comes largely on the back of an increase in property, plant and equipment to EGP 939.5 million from EGP 747.3 million as of 31 August 2019, projects under construction which increased to EGP 288.2 million versus EGP 214.6 million as of 31 August 2019, and work in progress which stood at EGP 164.6 million as of 30 November 2019 compared to EGP 85.9 million as at 31 August 2019. CIRA's total cash came in at EGP 224.2 million as at 30 November 2019, making up c.12% of the Group's total assets.

Shareholders' equity as of 30 November 2019 stood at EGP 945.9 million up by 6% when compared to EGP 890.0 million as of 31 August 2019. CIRA's net debt as of 30 November 2019 stood at EGP 210.7 million versus a net debt of EGP 103.9 million as of 31 August 2019.

Recent Corporate Developments

Construction of Regent British School – New Mansoura

Construction work at CIRA's latest school in the Delta city of New Mansoura is continuing on schedule with the opening date for the new facility currently set for September 2020. Presently, the first phase of the project, which includes the facility's Elementary school and administration buildings, is well on its way and expected to be completed by June of this year. In parallel, CIRA is also working on hiring administration and teaching staff, sourcing the classroom furniture and student uniforms, renovating teachers' accommodations, and setting up the marketing campaign which we will launch in the early part of 2020. The school, which is set to host 1,400 students, is the first school to open in New Mansoura city, and will provide the entire Egyptian Delta region with high-quality British education curriculums in line with international standards.



Impacting Egypt's Education Quality

Texas International Education Consortium Endorsement

During the summer, we received a visit from the Texas International Education Consortium (TIEC) along with the Faculty from the University of Texas Austin - School of Nursing to inspect the Nursing program at BUC. Later in the year, in her endorsement and congratulatory message to the BUC College of Nursing graduating class, the CEO and President of TIEC, Robin Lerner, said "It was the unanimous consent of our review team that Badr University has an excellent program, an excellent faculty and amazing students. We, in Texas are so pleased to be long-term partners with Badr University".

CIRA's management is extremely proud of its faculty and students alike to have received such praise from a leading international institution, and it believes it is a further testament to CIRA's ability to provide Egyptian students with high quality education, in line with global standards. The full endorsement video can be viewed [here](#).

L'Ecole de l'Avenir

The first graduating class of the Bac Francais program at CIRA's l'Ecole de l'Avenir school received their final exam results. The majority of CIRA's students were awarded top grades in the Bac Francais exams, with several student obtaining some of the highest scores amongst all candidates in Egypt. CIRA's student went on to received acceptances from some of the leading universities in France.

Robotics Competitions

During the year, CIRA's Futures' students obtained impressive results in multiple robotics competitions held throughout 2019. The teams' dedication and creativity saw them winning awards for multiple aspects of the competition including the most innovative prize received in November at the first LEGO League Discovery event in Egypt. Participating in competitions and events like these outside the classroom is a key pillar of CIRA's approach to education as it strives to

impart both the academic knowledge and the technical skills needed to create well-rounded students, preparing them to succeed in the next phase of their academic journeys.

Futures British School Accreditation

In line with Futures British School's commitment to deliver high-quality education in line with international standards, the school is now offering three UK qualifications: Cambridge, Edexcel and Oxford AQA in association with the British Council in Cairo. The process to obtain the needed accreditations is highly meticulous and comprehensive as it covers all aspects of a child's learning process and environment to ensure the student's holistic development. Schools wishing to obtain the certification are assessed with respect to school's mission, educational values, school management and leadership, quality of teaching and learning, the physical environment and legal requirements. The performance of the accredited school is measured at different points in time to ensure they are consistently meeting all entry requirements. Certification allows the school to offer a well-developed, high-quality curriculum which blends theory and practice in an engaging and stimulating way to facilitate the students by equipping them with knowledge and skills to experiment, invent and create. It also provides teachers with multiple training opportunities from all different boards of examination (Cambridge, Edexcel and Oxford) as well as the British Council.

El Kalla Foundation for Excellence in Education

At Foundation's annual ceremony we had the pleasure to hold the graduation service for the first class of the International Child Development Associate (CDA) Credential Certificate. BUC is the first institution in the whole of Africa to offer the course, with participants coming not just from Egypt but from across the entire African continent. During the ceremony, the 2018/19 Annual Excellence in Education Awards were also handed out, with the foundation handing out the awards for best director, best teacher, best admin staff and best student from three separate stages of education.



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.

<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 30 November 2019)</p> <table border="1"> <tr> <td>■ Social Impact Capital</td> <td>51.2%</td> </tr> <tr> <td>■ KingsWay</td> <td>5.1%</td> </tr> <tr> <td>■ Free Float</td> <td>43.7%</td> </tr> </table>	■ Social Impact Capital	51.2%	■ KingsWay	5.1%	■ Free Float	43.7%
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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



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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 30 November 2019

(All amounts in Egyptian Pounds)	Q1 2019/2020	Q1 2018/2019	Y-o-Y %
Operating revenue	313,124,981	200,915,581	55.9%
Operating costs	(139,628,334)	(85,724,352)	62.9%
Gross profit	173,496,647	115,191,229	50.6%
General and administrative expenses	(38,515,212)	(34,741,956)	10.9%
Goodwill Impairment			
Provisions			
Other income	1,318,578	267,532	
Operating profits	136,300,013	80,716,805	68.9%
Finance costs – net	118,174	2,776,704	
Profit before tax	136,418,187	83,493,509	63.4%
Current tax	(31,046,893)	(21,065,823)	
Deferred tax	493,459	446,146	
Profit for the period	105,864,753	62,873,832	68.4%
Profits attributable to			
Owners of the Parent Company	100,257,669	61,456,578	63.1%
Non-controlling interests	5,607,084	1,417,254	295.6%
Profit for the period	105,864,753	62,873,832	68.4%
Earnings per share			
Basic and diluted earnings per share	0.18	0.11	

Balance Sheet

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

Consolidated statement of financial position as at 30 November 2019 (Initial Draft) *

(All amounts in Egyptian Pounds)	30-Nov-19	31-Aug-19
Assets		
Non-current assets		
Property, plant and equipment	939,517,923	747,302,108
Projects under construction	288,205,831	214,568,829
Work in progress	164,643,293	85,856,401
Investment in associates	67,125,950	57,421,325
Held to maturity investments		0
Goodwill	28,975,049	803,420
Total non-current assets	1,488,468,046	1,105,952,083
Current assets		
Inventories	4,296,763	661,838
Held to maturity investments		1,000,000
Debtors and other debit balances	138,141,038	201,301,052
Cash on hand and at banks	224,236,219	163,026,674
Total current assets	366,674,020	365,989,564
Total assets	1,855,142,066	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	229,059,621	222,538,045
Retained earnings	383,800,572	378,014,151
Total shareholders' equity attributable to owners of the Parent Company	845,976,323	833,668,326
Non-controlling interest	99,940,186	56,370,363
Total shareholder's equity	945,916,509	890,038,689
Liabilities		
Non-current liabilities		
Non-current portion of borrowings and credit facilities	122,877,844	66,879,677
Deferred tax liabilities	33,011,693	3,934,028
Total non-current liabilities	155,889,537	70,813,705
Current liabilities		
Provisions	32,154,335	33,205,054
Creditors and other credit balances	253,024,087	177,431,195
Deferred revenue	328,580,884	211,730,601
Current income tax liabilities	80,533,969	66,104,436
Current portion of borrowings and credit facilities	59,042,745	22,617,967
Total current liabilities	753,336,020	511,089,253
Total liabilities	909,225,557	581,902,958
Total liabilities and shareholders' equity	1,855,142,066	1,471,941,647

* Please note that a final draft will be provided by the beginning of next week (the week of Sunday 19 January 2020)