

# Cairo for Investment and Real Estate Development Releases FY2019 Results

## FY2019<sup>1</sup> Financial & Operational Highlights

<b>Revenue</b> EGP <b>704.7</b> million ▲ 36% y-o-y	<b>EBITDA</b> EGP <b>326.0</b> ▲ 49% y-o-y 46% Margin	<b>Net Profit</b> EGP <b>221.1</b> million ▲ 75% y-o-y 31% Margin	<b>Cash Earnings</b> EGP <b>279.6</b> million ▲ 63% y-o-y
<b>K-12 Students</b> <b>24.3</b> thousand ▲ 13% y-o-y 92% Utilization		<b>Higher-ED Students</b> <b>7.9</b> thousand ▲ 42% y-o-y 61% Utilization	
<b>Geographical Reach</b> <b>6</b> Egyptian governorates 1/19 Universities/Schools	<b>Number of Schools</b> <b>19</b> schools > 2,108 Teachers	<b>Number of Faculties</b> <b>9</b> faculties > 610 Professors	<b>Financial Aid/Scholarships</b> EGP <b>41.8</b> million ▲ 61% y-o-y

### Cairo, 05 Nov 2019

Cairo for Investment and Real Estate Development (“CIRA”, CIRA.CA on the Egyptian Stock Exchange), the largest integrated provider of educational services in the Egyptian private sector, announced today its full year results for 2019, posting top-line growth of 36% y-o-y to EGP 704.7 million. Adjusted EBITDA<sup>2</sup> surged 49% y-o-y, recording EGP 326.0 million for the year and filtering through to a 4 percentage-point hike in the adjusted EBITDA margin. In terms of the bottom line, CIRA saw an exceptional 75% y-o-y increase in net profit to EGP 221.1 million for FY2019, translating to a net profit margin of 31%, a 7 percentage-point expansion compared to last year.

## Summary Income Statement

(EGP mn)	FY2018	FY2019	% change
Revenues	517.5	704.7	36%
Gross Profit <sup>3</sup>	313.7	432.5	38%
Gross Profit Margin	61%	61%	
Adjusted EBITDA <sup>2</sup>	219.5	326	49%
Adjusted EBITDA Margin	42%	46%	
Net Profit	126.4	221.1	75%
Net Profit Margin	24%	31%	

<sup>1</sup> CIRA's fiscal year 2018/19 ends 31 August 2019, in line with the academic year.

<sup>2</sup> CIRA's Adjusted EBITDA factors out one-off IPO-related expenses incurred in FY2019 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.

<sup>3</sup> Gross profit for this table was adjusted to remove the depreciation of fixed assets as per the segmental analysis in the audited financials

## Note From the CEO

The day CIRA took its first steps toward becoming a listed company, we had much hope and plans for our success. One full year on, I am proud to say that we not only met but surpassed even our own expectations and targets, which is a testament to the strength of our operations and the value the communities in which we live and work see in the services CIRA continues to add to the Egyptian education sector.

Financially, FY2019 saw CIRA report impressive results across the board, with double-digit growth figures in all our key performance metrics. Net profit surged a remarkable 75% y-o-y, recording EGP 221.1 million for the year and allowing for a 7 percentage-point increase in the net profit margin to 31%. Revenues gained 36% y-o-y to EGP 704.7 million for the year compared to EGP 517.5 million in FY2018, spurred by increases in revenue contribution from both the higher education and K-12 segments following tremendous increases in the number of students enrolled. Adjusted EBITDA growth outpaced that of revenue, hitting 49% y-o-y in FY2019 to EGP 326.0 million. The results are proof positive that our efforts to provide quality yet affordable education services are bearing fruit.

But our success for the year isn't measured simply by the extent of our bottom line, but on the creation of shared value for all stakeholders. For the academic year 2018/2019, we had over 32,000 students enrolled across our higher education and K-12 sectors — at 7,885 and 24,248 respectively — with 890 K-12 graduates and 295 students making up the first ever graduating class of BUC this year. We've also extended financial aid and scholarships worth over EGP 41.8 million: EGP 8.8 million for K-12 students and EGP 33.0 million for higher education students as part of our dedication to make education accessible for as many Egyptians as possible. Throughout our operations, we've also added 600 new jobs, bringing the number of total people employed by CIRA to 4,700.

In terms of growing our footprint, I am delighted to announce that construction is complete on our seven new facilities at Badr University and that the expansion has been ratified by presidential decree, marking the fastest-ever completion of an educational project in the nation. This puts us well within our timeline to begin rolling out the faculties in 2020. We also put in a 10% down payment for an EGP 479 million plot of land in Badr City to facilitate our expansion plans for the university as we continue to invest heavily in introducing facilities that cater to the needs of our students. The year just ended also saw us launch a new career-development and stock market program at the university, catered to BUC's first graduating class, which will enable their seamless entry into the workforce and thereby bolster the quality of new entrants into the market. We have continued to make extensive progress on our plans to establish a flagship University in Assiut, which we aim to position as a cultural and education hub in Upper Egypt. To this end, we successfully signed a facility agreement with the European Bank for Reconstruction and Development (EBRD) for an EGP-denominated facility worth EUR 25 million to facilitate the university's construction as well as an EUR 400,000 grant to acquire a green building certification for what is set to be a state-of-the-art facility in the heart of Upper Egypt. Our partnership with EBRD will add an important dimension to both accelerating and enhancing the establishment of a top model of impactful and sustainable universities in Egypt.

As for our K-12 segment, we've broken ground on construction of CIRA's latest integrated school in the Delta city of New Mansoura at a cost of EGP 60 million. Our expansion strategies into new governorates fall directly in line with our desire to see the middle-income, secondary educational sector in Egypt expand in both quality and magnitude.



**C A I R O**  
For Investment & Real Estate  
Development S.A.E.

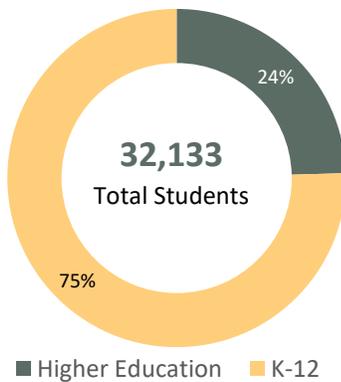
## FY2019 EARNINGS RELEASE

Cairo | 05 Nov 2019

With student enrollment continuing to grow at faster rates than added capacity for both our K-12 and higher education segments, progress on all new developments across our portfolio moving on track, and our cost-effective business model continuing to drive value for shareholders, I believe now more than ever that CIRA will continue to grow its standing in the market as the largest integrated provider of educational services in the nation. I look forward to beginning a new academic year on the solid foundations we have built this year and to updating you here on even more achievements in the coming quarters.

**Mohamed El Kalla**, Chief Executive Officer

**Total Students by Segment  
(FY2019)**



**Operational Performance**

**Higher Education**

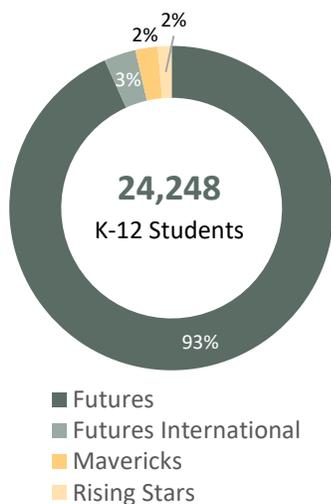
CIRA's higher education segment is comprised of the company's flagship Badr University (BUC), which currently operates nine faculties, including a new faculty of Film, Theater, Performing and Visual Art introduced in late 2018.

Enrollment at BUC rose 42% y-o-y to 7,885 students in FY2019, representing a 61% utilization rate over the university's total capacity of 13,030 students. While capacity rose 16% for the year, a 23% expansion in the utilization rate from 49% in FY2018 to 61% in FY2019 is indicative of management's success in driving student inflow to the university.

**Key Operational Highlights**

	FY2018	FY2019	% change
Number of Faculties	8	9	13%
Number of Professors	437	610	40%
Capacity (No. Students)	11,280	13,030	16%
<b>Number of Students</b>	<b>5,541</b>	<b>7,885</b>	<b>42%</b>
<i>Pupil Teacher Ratio (PTR)</i>	13	13	2%
<i>Utilization</i>	49%	61%	23%

**K-12 Students by School Brand  
(FY2019)**



**K-12 Education**

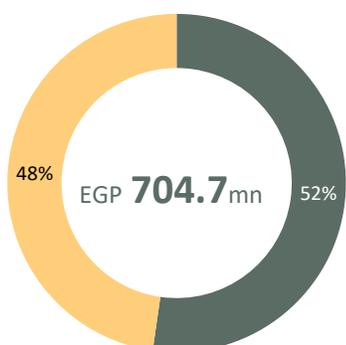
CIRA's K-12 segment is made up of 19 schools located across six governorates. The schools operate under four distinct brands: Futures, Futures International, Mavericks, and Rising Stars.

CIRA's K-12 programs served 24,248 students during the 2019 academic year, up 13% when compared to 2018. Total capacity was flat between FY2018 and FY2019, at 26,400 students, but utilization gained a solid 13% y-o-y to record 92% for the year just ended compared to 81% in FY2018.

**Key Operational Highlights**

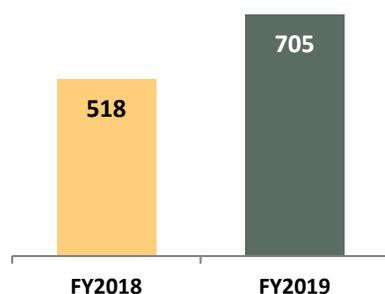
	FY2018	FY2019	% change
Number of Schools	19	19	0%
Number of Teachers	1,703	2,108	16%
Capacity (No. Students)	26,400	26,400	0%
<b>Number of Students</b>	<b>21,426</b>	<b>24,248</b>	<b>13%</b>
<i>Pupil Teacher Ratio (PTR)</i>	12	12	0%
<i>Utilization</i>	81%	92%	13%

## Revenue by Segment (FY2019)



■ Higher Education ■ K-12

## Revenue Progression (EGP mn)



## Financial Performance

### Key Financial Highlights

(EGP million)	Higher Education			K-12 Education			Total		
	FY18	FY19	Chg.	FY18	FY19	Chg.	FY18	FY19	Chg.
Tuition Revenue	237.9	347.0	46%	231.2	287.8	25%	469.0	634.9	35%
% of Revenue	93%	94%		88%	86%		91%	90%	
Other Revenue	17.9	21.2	19%	30.5	48.6	59%	48.5	69.8	44%
% of Revenue	7%	6%		12%	14%		9%	10%	
<b>Total Revenue</b>	<b>255.8</b>	<b>368.3</b>	<b>44%</b>	<b>261.7</b>	<b>336.4</b>	<b>29%</b>	<b>517.5</b>	<b>704.7</b>	<b>36%</b>
EBITDA <sup>3</sup>	141.3	219.6	55%	78.1	106.4	36%	219.5	325.9	49%
EBITDA Margin	55%	60%		30%	32%		42%	46%	
<b>Net Profit</b>	<b>93</b>	<b>149.2</b>	<b>60%</b>	<b>33.4</b>	<b>71.9</b>	<b>115%</b>	<b>126.4</b>	<b>221.1</b>	<b>75%</b>
Net Profit Margin	36%	40%		13%	21%		24%	31%	

### Revenues

Total revenues reached EGP 704.7 million, up 36% y-o-y in FY2019 compared to EGP 517.5 million in FY2018. Combined tuition revenue rose 35% y-o-y to record EGP 634.9 million for the year, making up 90% of total revenues, inching down slightly from the 91% contribution recorded in FY2018. Revenues from other services — including bus fees, admission fees, and dormitories — climbed 44% y-o-y to EGP 69.8 million.

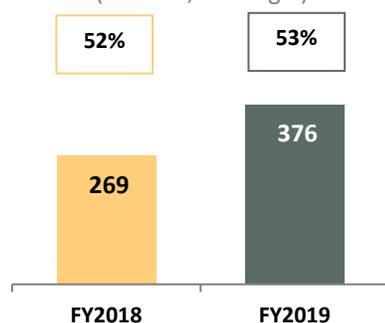
Revenues from higher education tuition fees hit EGP 347.0 million in FY2019, gaining 46% y-o-y and keeping pace with the 42% increase in total student figures at BUC during the year. Higher education contributed the lion's share of tuition revenue growth, at 66% of absolute tuition revenue growth for FY2019. Other revenues from the segment climbed 19% to EGP 21.2 million in FY2019. CIRA raked in EGP 368.3 million in total revenues from the higher education segment in FY2019, up 44% y-o-y compared to the year before and making up 52% of the Group's total consolidated revenues for the period.

Tuition revenue from the K-12 division gained a steady 25% y-o-y to EGP 287.8 million in FY2019, contributing 34% of total tuition revenue growth for the same period. Other revenues from CIRA's K-12 segment grew by 59% y-o-y, greatly outpacing its tuition revenue growth rate, to EGP 48.6 million. Total revenues from the Group's K-12 services hit EGP 336.4 million during the year, up a solid 29% y-o-y.

<sup>3</sup> Refers to CIRA's Adjusted EBITDA, which factors out one-off IPO-related expenses incurred in 9M2019 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

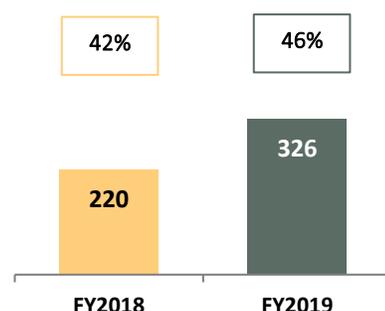
## Gross Profit Progression

(EGP mn, % margin)



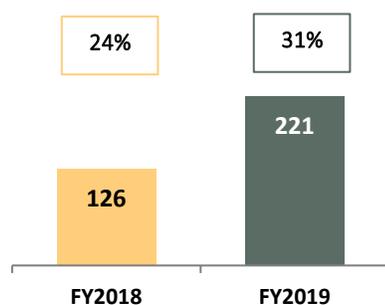
## EBITDA Progression

(EGP mn, % margin)



## Net Profit Progression

(EGP mn, % margin)



## Gross Profit

Gross profit for the year rose 39.9% y-o-y to EGP 376.2 million compared to EGP 268.9 million in FY18, keeping pace with the Group's top-line growth rate for FY2019. The gross profit margin grew by one percentage point in FY2019 to 53.4%.

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

CIRA recorded adjusted selling, general and administrative expenses of EGP 97.2 million in FY2019, up 5.3% y-o-y. SG&A as a percentage of sales fell significantly during the period to 13.8% in FY2019 from 17.8% in FY2018, representing exceptional savings made on the operating level. SG&A was adjusted to eliminate CIRA's one-time expenses, including its October 2018 listing expense of EGP 12.9 million, EGP 5.4 million in previous years' losses from Egyptian Schools Company (Mavericks Schools) as a result of its consolidation, EGP 5.1 million in goodwill impairment for Egyptian Educational Systems and EGP 5.1 million in Tax Provisions.

## EBITDA<sup>4</sup>

The Group's adjusted EBITDA climbed 49% y-o-y for the year, hitting EGP 326.0 million and in line with CIRA's gross profit growth during the period. Adjusted EBITDA has been normalized to eliminate its one-time expenses, as per the SG&A amendment.

## Net Profit<sup>4</sup>

CIRA's bottom line for FY2019 hit EGP 221.1 million, surging 75% y-o-y compared to EGP 126.4 million in FY2018. Net profit growth was notably higher than revenue growth on the back of stronger utilization rates seen in both the K-12 and higher education segments. As a result, the Group's net profit margin gained 7 percentage points to 31% by the end of the year. Like EBITDA, net profit has been adjusted to eliminate its one-time expenses.

## Balance Sheet

As of 31 August 2019, CIRA posted total assets of EGP 1.5 billion, up 36.0% from EGP 813.5 million as of 31 August 2018 primarily on account of growing projects under construction to EGP 214.6 million from EGP 7.0 million. CIRA's total cash came in at EGP 163.0 million as at for the year, representing 11.1% of total assets.

Shareholders' equity recorded EGP 890.0 million as of 31 August 2019 up by 76.5% when compared to EGP 504.4 million as of 31 August 2018. Meanwhile, CIRA became net debt negative, recording a net cash of EGP 73.5 million as of 31 August 2019 compared to a net debt of EGP 23.4 million one year previously.

<sup>4</sup> CIRA's sales, general and administrative expenses (and resulting EBITDA and net profit) for FY2019 have been adjusted for one-off IPO-related expenses incurred of EGP 12.9 million, EGP 5.4 million in previous years' losses from Egyptian Schools Company (Mavericks Schools) as a result of its consolidation, EGP 5.1 million in Egyptian Educational Systems' Goodwill Impairment & EGP 5.1 million Tax Provisions

## Recent Corporate Developments

### Expansion of Existing Badr University

President Abdel Fattah El Sisi ratified a decision to allow CIRA to add seven new faculties to Badr University in October, marking the fastest-ever progress executed on an educational project in Egypt, with the Group having completed construction and receiving sign off in less than a single year. The faculties being added to the university are: the Faculty of Medicine, Faculty of Veterinary Medicine, Faculty of Applied Health Sciences, Faculty of Biotechnology, Faculty of Law, Faculty of Humanities and Social Sciences, and Faculty of Political Science and International Relations. To this end, CIRA announced in October 2019 that it had made a 10% down payment for an EGP 479 million land plot in Badr City. The plot was allocated by the New Urban Communities Authority under a new mechanism announced earlier this year requiring investors and developers to make a 10% commitment deposit within 30 days of approval.



Badr University Expansion

### CIRA Inks EBRD Facility Agreement

CIRA signed a funding agreement with the European Bank for Reconstruction and Development (EBRD) for an EGP-denominated facility worth EUR 25 million to facilitate the construction of its private university in Assiut's Nasser City. The EBRD will also provide CIRA with an EUR 400,000 grant to acquire a green building certification for the university, allowing it to build out a sustainable institution.

## About Cairo for Investment and Real Estate Development

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

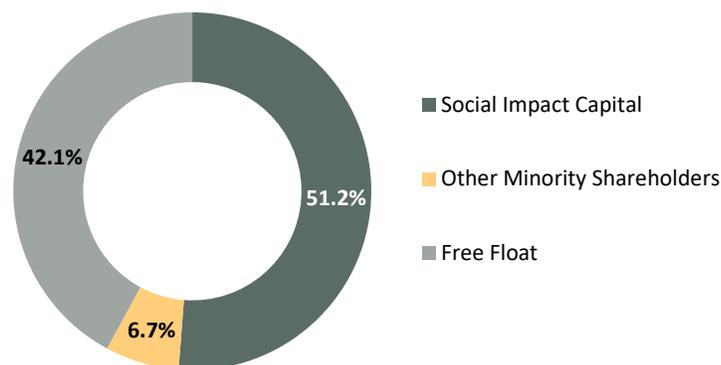
### Contacts

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### Share Information

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

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



### Forward-Looking Statements

*This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "anticipates", "assumes", "believes", "could", "estimates", "expects", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us. Forward-looking statements reflect our management's ("Management") current views of future events, are based on Management's assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations in prices, costs, ability to retain the services of certain key employees, ability to compete successfully, changes in political, social, legal or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management's ability to timely and accurately identify future risks to our business and manage the risks mentioned above.*

## Income Statement

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

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

(All amounts in Egyptian Pounds)	FY2019	FY2018	Y-o-Y %
Operating revenue	704,679,311	517,492,002	36.2%
Operating costs	(328,484,348)	(248,604,187)	32.1%
<b>Gross profit</b>	<b>376,194,963</b>	<b>268,887,815</b>	<b>39.9%</b>
General and administrative expenses	(125,655,955)	(92,273,085)	36.2%
Goodwill Impairment	(5,133,061)	0	
Provisions	(6,541,606)	(2,752,426)	
Other income	4,911,104	7,209,489	
<b>Operating profits</b>	<b>243,775,445</b>	<b>181,071,793</b>	<b>34.6%</b>
Finance costs – net	13,791,729	(15,507,558)	
<b>Profit before tax</b>	<b>257,567,174</b>	<b>165,564,235</b>	<b>55.6%</b>
Current tax	(64,650,433)	(37,982,716)	
Deferred tax	(341,965)	(1,209,836)	
<b>Profit for the period</b>	<b>192,574,776</b>	<b>126,371,683</b>	<b>52.4%</b>
<b>Profits attributable to</b>			
Owners of the Parent Company	188,261,990	119,732,287	57.2%
Non-controlling interests	4,312,786	6,639,396	-35.0%
<b>Profit for the period</b>	<b>192,574,776</b>	<b>126,371,683</b>	<b>52.4%</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share	0.28	0.46	52.4%

## Balance Sheet

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

Consolidated statement of financial position as at 31 Aug 2019

(All amounts in Egyptian Pounds)	31-Aug-19	31-Aug-18
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	747,302,108	743,344,427
Projects under construction	214,568,829	7,044,657
Work in progress	85,856,401	24,097,785
Investment in associates	57,421,325	32,041,070
Held to maturity investments	0	1,000,000
Goodwill	803,420	5,936,481
<b>Total non-current assets</b>	<b>1,105,952,083</b>	<b>813,464,420</b>
<b>Current assets</b>		
Inventories	661,838	2,527,821
Held to maturity investments	1,000,000	0
Debtors and other debit balances	201,301,052	65,820,411
Cash on hand and at banks	163,026,674	91,503,367
<b>Total current assets</b>	<b>365,989,564</b>	<b>159,851,599</b>
<b>Total assets</b>	<b>1,471,941,647</b>	<b>973,316,019</b>
<b>Liabilities and shareholder's equity</b>		
<b>Shareholder's equity</b>		
Shareholder's equity attributable to owners of the Parent Company		
Issued and paid up capital	233,116,130	219,116,130
Reserves	222,538,045	32,003,019
Retained earnings	378,014,151	192,088,678
Non-controlling interest	56,370,363	61,170,738
<b>Total shareholder's equity</b>	<b>890,038,689</b>	<b>504,378,565</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Non-current portion of borrowings and credit facilities	66,879,677	24,991,787
Deferred tax liabilities	3,934,028	3,592,063
<b>Total non-current liabilities</b>	<b>70,813,705</b>	<b>28,583,850</b>
<b>Current liabilities</b>		
Provisions	33,205,054	27,505,492
Creditors and other credit balances	177,431,195	96,672,075
Deferred revenue	211,730,601	185,203,224
Current income tax liabilities	66,104,436	41,075,377
Current portion of borrowings and credit facilities	22,617,967	89,897,436
<b>Total current liabilities</b>	<b>511,089,253</b>	<b>440,353,604</b>
<b>Total liabilities</b>	<b>581,902,958</b>	<b>468,937,454</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,471,941,647</b>	<b>973,316,019</b>