

Cairo for Investment and Real Estate Development Releases 1H 2019 Results

1H19¹ Financial & Operational Highlights

Revenue EGP 424.1 million ▲ 32% y-o-y	EBITDA EGP 231.6 million ▲ 31% y-o-y 55% Margin	Net Profit EGP 167.1 million ▲ 47% y-o-y 39% Margin
Cash Earnings EGP 194.9 million ▲ 42% y-o-y	K-12 Students 24.3 thousand ▲ 13% y-o-y 92% Utilization	Higher-ED Students 7.9 thousand ▲ 42% y-o-y 61% Utilization
Geographical Reach 6 Egyptian governorates 1/19 Universities/Schools	Number of Schools 19 schools > 2,108 Teachers	Number of Faculties 9 faculties > 610 Professors

Cairo, 15 April 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 results for the six-month period ending 28 February 2019¹ posting revenues of EGP 424.1 million, up 32% year-on-year. Adjusted EBITDA² for the period stood at EGP 231.6 million, representing a year-on-year expansion of 31% and an EBITDA margin of 55% for 1H19, steady at its level from the same period last year. Net profit climbed at a rapid 47% year-on-year to reach EGP 167.1 million, with a 3-percentage point expansion in the net profit margin to reach 39% in 1H19.

Summary Income Statement

(EGP mn)	1H2018	1H2019	% change
Revenues	320.6	424.1	32%
Gross Profit ²	214.2	276.4	29%
Gross Profit Margin	67%	65%	
Adjusted EBITDA ³	176.2	231.6	31%
Adjusted EBITDA Margin	55%	55%	
Net Profit	114.0	167.1	47%
Net Profit Margin	36%	39%	

¹ Refers to 1H of CIRA's fiscal year 2018/19 which ends 31 August 2019, in line with the academic year

² Adjusted for depreciation

³ CIRA's Adjusted EBITDA factors out one-off IPO-related expenses incurred in 2Q 2019 of EGP 12.9 million and EGP 5.4 million in losses incurred in the consolidation of Egyptian Schools Company (Pyramids Heights)

Note from the CEO

CIRA continues to make impressive progress in its mission to be Egypt's premier provider of mid-market education services. Halfway through our first full year as a publicly traded company, CIRA can point to several encouraging developments that bode well for the success of our ambitious growth strategy. At the financial level, performance was highly commendable during the first half of academic 2019. The Company profitably grew its revenues by more than thirty percent and was close to reaching the half-billion mark two quarters earlier than was the case last year. Our bottom line has grown even faster during the period, at 47% year-on-year, to yield a net profit of EGP 167.1 million and an improved margin of 39% for the first half.

Events were similarly encouraging at the operational level. Throughout the period, CIRA worked to differentiate its offerings, services and identity from alternative providers of education in the middle-income segment. The Company has increased the share of resources devoted to constructing the distinct image it wishes to project to families. This has involved initiatives ranging from a radical facelift of our institutions' online brand presence on social media to considerable improvements in the look and feel of student transportation services during the period, bolstering CIRA's K-12 offline brand.

CIRA continued to make significant investments in the student experience during the period, another plank of its differentiation strategy. A wide range of student activities was introduced or reintroduced over the period, with CIRA taking a holistic approach to the learning process. Many of the activities involved have been linked to our schools' K-12 curricula, with an eye to bolstering pupil engagement over the long term. Among the activities that were piloted during the first half of 2019 were several robotics and coding activities, reflecting CIRA's commitment to ensuring that its students enter the workforce with the full range of skills demanded by industries of the future. CIRA expects to be offering such activities at all its K-12 institutions by academic year 2020.

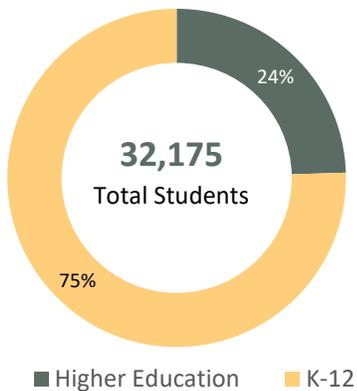
Meanwhile, the continued expansion at Badr University is proceeding rapidly. The university is progressing faster than expected with construction work on four additional facilities intended to house four new faculties: Medicine, Applied Medicine, Biotechnology, and Animal Health Nutrition & Food Safety. The addition of these facilities and the faculties they will house will be central to Badr University's ability to accommodate expected rapid growth in new registrations over the coming academic years. Besides the gains from increased capacity, widening the range of disciplines and academic paths available to its students will further Badr University's objective of taking a place among Egypt's premier institutes of higher learning. The four new faculties are slated to begin operations in September 2019, pending the receipt of required regulatory approvals.

Beyond increasing its capacity and broadening its academic offerings, Badr University has worked to bolster its institutional profile and the market credibility of its offerings by teaming up with reputable institutions of higher learning from across the globe. It has concluded several academic partnerships with global partners including Sapienza University of Rome, University of Milan, University of Turin, Business and Hotel Management School (BHMS) in Switzerland, Virginia Commonwealth University, University of Arizona, Texas International Education Consortium as well as Incheon National University of South Korea. Such collaborations are entered into first and foremost with the student in mind, providing them both with the highest quality in instruction and an international perspective in an age of globalization.

Moving forward, CIRA will continue to supplement its ambitious growth strategy with continuous efforts to differentiate its institutions in the market and cement the presence of its brand. The path of our journey as a publicly traded company will depend on this.

Mohamed El Kalla, Chief Executive Officer

Total Students by Segment (1H2019)



Operational Performance

Higher Education

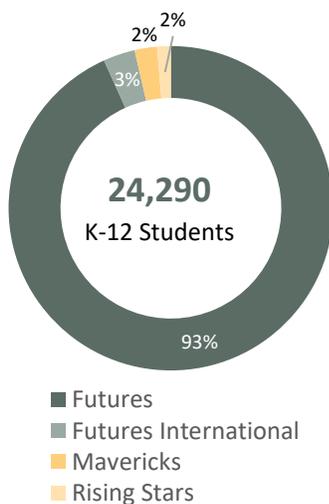
CIRA's higher education segment is comprised of the company's flagship Badr University (BUC). BUC operates nine faculties, including a new faculty of Film, Theater, Performing and Visual Art introduced in late 2018.

BUC served 7,885 students in 1H19, up 42% year-on-year and representing a 61% utilization rate on the university's total capacity of 13,030 students. While capacity expanded by 12% over the period, the growing utilization rate primarily reflects management's success in attracting a growing inflow of new students to BUC.

Key Operational Highlights

	1H2018	1H2019	% change
Number of Faculties	8	9	13%
Number of Professors	437	610	40%
Capacity (No. Students)	11,280	13,030	16%
Number of Students	5,541	7,885	42%
<i>Pupil Teacher Ratio (PTR)</i>	13	13	0%
<i>Utilization</i>	49%	61%	12%

K-12 Students by School Brand (1H2019)



K-12 Education

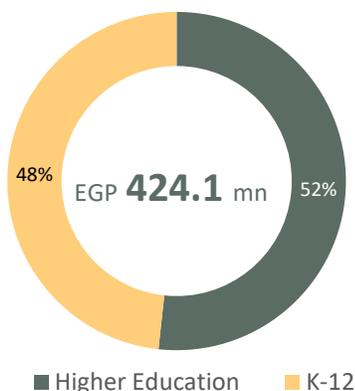
CIRA's K-12 segment is made up of 19 schools located across six separate governorates. The schools operate under four distinct brands, including Futures, Futures International, Mavericks and Rising Stars.

CIRA's K-12 programs served 24,290 students during the first half of academic 2019, up 13% from the previous year. While total capacity remained unchanged between 1H18 and 1H19, at 26,400 students, utilization grew from 81% to 92% during the period.

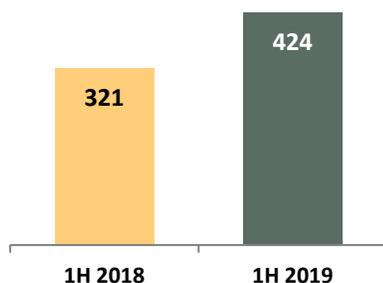
Key Operational Highlights

	1H2018	1H2019	% change
Number of Schools	19	19	0%
Number of Teachers	1,823	2,108	16%
Capacity (No. Students)	26,400	26,400	0%
Number of Students	21,426	24,290	13%
<i>Pupil Teacher Ratio (PTR)</i>	12	12	0%
<i>Utilization</i>	81%	92%	11%

Revenue by Segment (1H 2019)



Revenue Progression (EGP mn)



Financial Performance

Key Financial Highlights

(EGP million)	Higher Education			K-12 Education			Total		
	1H18	1H19	Chg.	1H18	1H19	Chg.	1H18	1H19	Chg.
Tuition Revenue	147.5	205.7	39%	142.7	177.7	24%	290.3	383.5	32%
% of Revenue	93%	94%		88%	87%		91%	90%	
Other Revenue	10.8	13.5	25%	19.5	27.1	39%	30.3	40.6	34%
% of Revenue	7%	6%		12%	13%		9%	10%	
Total Revenue	158.3	219.3	39%	162.3	204.8	26%	320.6	424.1	32%
EBITDA³	107.9	146	35%	68.3	85.8	26%	176.3	231.6	31%
EBITDA Margin	68%	67%		42%	42%		55%	55%	
Net Profit	74	103.4	39%	39.9	63.7	60%	114.0	167.0	47%
Net Profit Margin	47%	47%		25%	31%		36%	39%	

Revenues

CIRA's revenues grew 32% year-on-year to record EGP 424.1 million for 1H19. Tuition revenues from higher education grew rapidly as BUC's student body continued to expand, while K-12 tuition revenue grew at a rapid albeit slower rate. Combined tuition revenue climbed 32% year-on-year to register EGP 383.5 million during the period, representing 90% of total revenues for 1H19. Revenues from other services, including bus fees, admission fees, and dormitories grew at 34% year-on-year to record EGP 40.6 million

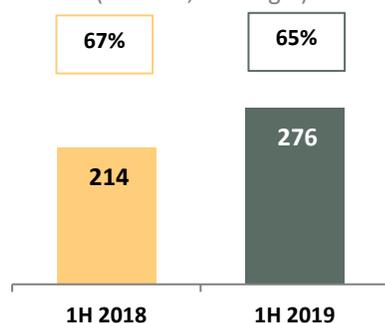
Higher education tuition fees generated EGP 205.7 million in revenues for 1H19, up 39% from 1H18. In absolute terms, this expansion accounted for 56% of CIRA's consolidated revenue growth during the period. Other revenues from the higher education segment grew at 25% year-on-year to record EGP 13.5 million in 1H19. CIRA's total revenues from higher education services stood at EGP 219.3 million for 1H19, up 39% on their level a year previously and composing just over half of the Group's total consolidated revenues for the period.

Tuition revenue from K-12 services grew 24% year-on-year to register EGP 177.7 million during 1H19, driven by readjusted price points. Other revenues from CIRA's K-12 segment recorded EGP 27.1 million for 1H19, up 39% year-on-year. CIRA's total revenues from K-12 services recorded EGP 204.8 million during the period, climbing by 26% year-on-year to contribute 48% of the Group's consolidated top-line.

³ CIRA's EBITDA is its Adjusted EBITDA, normalized for one-off IPO expenses

Gross Profit Progression

(EGP mn, % margin)



Gross Profit

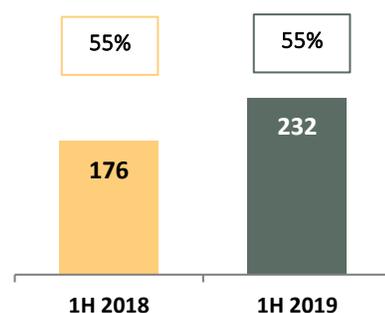
Gross profit for 1H19 came in at EGP 276.4 million, expanding at a rate of 29% year-on-year and keeping pace with growth in CIRA's top-line over the period. CIRA's gross profit margin remained stable at 65% in 1H19 as against 67% in 1H18.

SG&A⁴

CIRA recorded selling, general and administrative expenses of EGP 64.0 million in 1H19, up 71% year-on-year as CIRA continued to pursue business expansion during the year. Consequently, SG&A as a percentage of sales was 15% in 1H19, up from 12% in 1H18.

EBITDA Progression

(EGP mn, % margin)



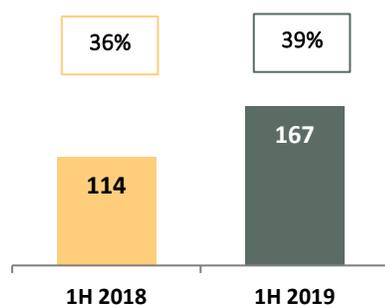
EBITDA

CIRA's EBITDA climbed 31% year-on-year to record EGP 231.6 million for 1H19, mirroring top-line and gross profit growth during the period.

It is worth noting that the adjusted EBITDA has been normalized to exclude the one-time IPO expense incurred by CIRA during the period of EGP 12.9 million associated with its October 2018 listing, as well as a one-time loss of EGP 5.4 million incurred as a result of the consolidation of Egyptian Schools Company.

Net Profit Progression

(EGP mn, % margin)



Net Profit

The Group recorded a net profit of EGP 167.1 million for 1H19, up 47% year-on-year. With capacity utilization successfully increased at both the K-12 and higher education segments, price points effectively readjusted in the former and interest outlays significantly reduced, CIRA efficiently translated its rapid top-line expansion during the period into a thriving bottom-line. CIRA's net profit margin stood at 39% for 1H19, up from 36% a year previously.

Balance Sheet

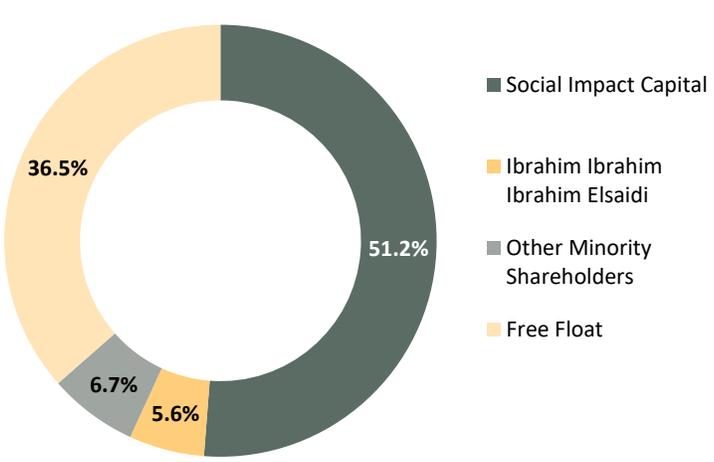
As at 28 February 2019, CIRA held assets with a value of EGP 1,310 million, as against a position of EGP 973.3 million on 31 August 2018. Projects under construction stood at EGP 67.3 million as at 28 February 2019, against EGP 7.0 million as of 31 August. CIRA's total cash position represented 23% of total assets as at 28 February 2019, up from 9% on 31 August 2018.

Shareholders' equity came in at EGP 845.4 million as of 28 February 2019, up from EGP 504.4 million on 31 August 2018. CIRA's net debt fell to negative EGP 272.7 million as of 28 February 2019 from EGP 120.1 million on 31 August 2018.

⁴ CIRA's sales, general and administrative expenses for 2Q 2019 have been adjusted for one-off IPO-related expenses of EGP 12.89 million and losses of EGP 5.4 million incurred in the consolidation of Egyptian Schools Company (Mavericks).

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.

<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 28 February 2019)⁵</p>  <ul style="list-style-type: none"> ■ Social Impact Capital ■ Ibrahim Ibrahim Ibrahim Elsaïdi ■ Other Minority Shareholders ■ Free Float
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										

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”,

⁵ The shareholding structure does not take into account the upcoming EGP 210 million capital increase in which Social Impact Capital Ltd. will subscribe to at the IPO price. Post-capital increase, SIC’s shareholding structure will increase to 51.22%

“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 quarter ended 28 February 2019

(All amounts in Egyptian Pounds)	1H 2019	1H 2018	YoY %
Operating revenue	424,093,446	320,626,744	32.3%
Operating costs	(174,985,193)	(129,914,395)	34.7%
Gross profit	249,108,253	190,712,349	30.6%
General and administrative expenses	(63,958,136)	(37,520,073)	70.5%
Provisions		(688,107)	
Other income	1,272,541	2,065,245	
Operating profits	186,422,658	154,569,414	20.6%
Finance costs – net	7,112,653	(7,018,884)	
Profit before tax	193,535,311	147,550,530	31.2%
Current tax	(45,589,948)	(34,028,267)	
Deferred tax	490,476	432,573	
Profit for the period	148,435,839	113,954,836	30.3%
Profits attributable to			
Owners of the Parent Company	144,158,297	108,611,922	32.7%
Non-controlling interests	4,277,542	5,342,914	-19.9%
Profit for the period	148,435,839	113,954,836	30.3%
Earnings per share			
Basic and diluted earnings per share	0.26	4.96	

Balance Sheet

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

Consolidated statement of financial position as at 28 February 2019

(All amounts in Egyptian Pounds)	28-Feb-19	31-Aug-18
Assets		
Non-current assets		
Property, plant and equipment	740,175,622	743,344,427
Projects under construction	67,278,409	7,044,657
Work in progress	24,097,785	24,097,785
Investment in associates	25,791,070	25,791,070
Held to maturity investments	0	1,000,000
Goodwill	5,936,481	5,936,481
Total non-current assets	863,279,367	807,214,420
Current assets		
Inventories	352,964	2,527,821
Held to maturity investments	1,000,000	0
Debtors and other debit balances	131,370,532	72,070,411
Cash on hand and at banks	304,360,902	91,503,367
Total current assets	437,084,398	166,101,599
Total assets	1,300,363,765	973,316,019
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	219,116,130
Undercall Paidup Capital & Premium Issues		0
Reserves	221,397,699	32,003,019
Retained earnings	335,050,804	192,088,678
Total shareholders' equity attributable to owners of the Parent Company	789,564,633	443,207,827
Non-controlling interest	55,804,011	61,170,738
Total shareholder's equity	845,368,644	504,378,565
Liabilities		
Non-current liabilities		
Non-current portion of borrowings and credit facilities	15,359,437	24,991,787
Deferred tax liabilities	3,070,022	3,592,063
Total non-current liabilities	18,429,459	28,583,850
Current liabilities		
Provisions	27,161,801	27,505,492
Creditors and other credit balances	109,356,217	96,672,075
Deferred revenue	236,654,933	185,203,224
Current income tax liabilities	47,043,951	41,075,377
Current portion of borrowings and credit facilities	16,348,761	89,897,436
Total current liabilities	436,565,663	440,353,604
Total liabilities	454,995,122	468,937,454
Total liabilities and shareholders' equity	1,300,363,766	973,316,019