



## EARNINGS RELEASE – Full Year 2016

Cairo, April 13<sup>th</sup>, 2017 10:00 hrs Cairo time (08:00 hrs GMT)

### ERC Announces Consolidated Results for the Full Year 2016

*ERC continued to push forward with its marketing efforts for its flagship destinations, including Old Town and Tawaya; recognized land sales in Q4 2016*

#### Full Year Financial and Operational Highlights

- Net revenues in FY 2016 reached EGP 208 million compared to EGP 400.4 million in FY 2015
- Gross profit for the year reached EGP 93 million compared to a EGP 247.5 million last year
- Operating profit recorded EGP 7 million vs. an operating profit of EGP 206.2 million in FY 2015
- Net profit for the year stood at EGP 10.2 million, compared to EGP 217.5 million the previous year
- ERC's net profit after minority interest recorded EGP 78.4 million in FY 2016 versus EGP 217.9 million the previous year.

Egyptian Resorts Company (EGX: EGTS.CA), one of Egypt's leading master and real estate developers, announced today its consolidated results for the fourth quarter and full year of 2016, reporting revenues of EGP 208 million in FY 2016, down 48.1% y-o-y. The company's bottom-line came in at EGP 10.2 million in FY 2016 compared to EGP 217.5 million the previous year and yielding a net profit margin of 4.9%.

The decline in top-line is owing to a slowdown in land sales during the year, with the company's realized revenues from the sale of phase one and phase two land plots standing at EGP 155 million in FY 2016 versus EGP 368 million in FY 2015, down 57.9% y-o-y. This is in line with the company's strategy of controlling the supply of land with the aim of maximizing the future value of the ERC's land bank as well as that of its development partners and investors.

On the collections front, inflows from sub-developers and retail buyers stood at EGP 84 million in FY 2016, down 49.1% y-o-y, owing to the overall slowdown in the tourism sector. Meanwhile, cash receipts from community management and services were also affected by the slowdown, recording EGP 28.6 million in FY 2016, a 32.2% y-o-y decline compared to FY 2015 figure of EGP 42.2 million.

The company's balance sheet remained liquid as at year-end 2016, with a cash balance of EGP 131.2 million. ERC continued to push through with its strategy of positioning Sahl Hasheesh as the most attractive destination on Egypt's Red Sea coast, organizing a number of events throughout the year that worked to attract both domestic and foreign visitors.

#### 1. Events & Activities

Among the key activities during the year was the company's participation in the World Travel Market (WTM) event in London as well as the International Hotel Investment Conference (IHIC) in Berlin, taking advantage of both events to promote the Sahl Hasheesh development and its investment opportunities. More so in the way of promoting both tourism and ERC, the company attended and sponsored the annual Arabian Hotel Investment Conference (AHIC) in

Dubai, one of the region's most prestigious investment conferences, in order to present Sahl Hasheesh to potential investors, developers, and operators

ERC also launched its new 360° marketing campaign in April 2016, Change, which aims to highlight how a life in Sahl Hasheesh can fulfill different individual desires to change certain aspects of one's life.

## **2. Land Plot Sales**

The company is managing sub-developers' demand for land by ensuring that the activities they wish to utilize the land for will advance the growth of Sahl Hasheesh as an integrated tourism and residential community. Overall land sales recognized in 2016 was EGP 155.

## **3. Proprietary Projects**

At SHC's Old Town development, the company continues to market its exclusive Tawaya apartments developed in cooperation with Palm Hills. Currently, almost 30% of the project has been sold and an additional 30% is reserved. Meanwhile, Old Town's retail units are in high demand owing to their attractive payment terms, with more brands and activities setting up shop at the destination and helping generate increased traffic and adding to the vibrancy of Sahl Hasheesh.

ERC also continues to push forward with efforts to obtain all necessary licenses from governmental entities to launch its mega-project, Sawari, in 2017. The company had cleared the final obstacle on the course to launching the Sawari marina project, after receiving approval from the Tourism Development Authority (TDA) to redefine the boundaries of Sahl Hasheesh's Phase 2 to include the entirety of Sawari's 1.1 million square meter initial phase.

### **Looking Ahead**

ERC will continue with its drive to positioning Sahl Hasheesh's as the Red Sea's leading destination, for holiday makers, developers, partners, residents, and investors. The company's marketing efforts will focus on promotional campaigns and activities aimed at establishing Sahl Hasheesh as a prime attraction, especially for local visitors who provide for a more sustainable source of recurring revenues. ERC will also work to accelerate issuance of all necessary licenses from the TDA as it prepares to launch the Sawari Marina project in 2017.

On the financial level, we will continue taking steps to preserve our comfortable liquidity position and maintain the health of our balance sheet, concentrating our spending on proprietary needs and obligations.

ERC will work to better utilize its infrastructure assets including its production/treatment capacities as well as its distribution networks.

### **ERC Management Team**

### **Legal Update**

A settlement agreement has been concluded between Egyptian Resorts Company ("ERC") and Pyramisa Company including the termination of all mutual lawsuits. The settlement includes the termination of the lawsuit filed by Pyramisa for the annulment of Sahl Hasheesh contract, for which the hearing has been adjourned to 23/5/2017. The settlement includes also Pyramisa obligation to withdraw from the lawsuit filed by ERC for the annulment of TDA's cancellation decree of third phase allocation of Sahl Hasheesh Touristic Center.

## About ERC

Egyptian Resorts Company S.A.E. (EGX: EGTS.CA) is a real estate and master developer of international standard communities on a fully-integrated management basis. The company is incorporated in Egypt and headquartered in Cairo. ERC is developing multiple recurring revenue streams that include the supply of utilities (water, electricity, communications) through its project partners, as well as community management and maintenance fees and revenues generated by its subsidiary, Sahl Hasheesh Company.

## Capital Structure

Authorized Capital EGP 2,000,000,000

Issued and Paid-In Capital EGP 1,050,000,000 (1,050,000,000 shares @ EGP 1.00 / share)

### Shareholder Structure

KATO Investment	11.96%
First Arabian Company	10.00%
Rowad Tourism Company	9.05%
Al Ahly Capital Holding	9.00%
Misr Insurance	8.05%
Misr for Life Insurance	6.96%
Orascom Development Holding	4.50%
Others	40.48%

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