

**Orascom Development Egypt (ODE) (EGX: ORHD.CA) has released its consolidated financial results for 1H 2022.**

**ODE achieves real estate sales of EGP 4.7 billion in 1H 2022, a 16.9% growth from last year and total revenue increased by 27.6% to EGP 3.8 billion. Net profit reached EGP 858.3 million, an increase of 15.3% y-o-y.**

**Key Highlights of 1H 2022 vs. 1H 2021**

- Total revenues increased by 27.6% to EGP 3.8 billion
- Adj. EBITDA up 20.3% to EGP 1.4 billion with a margin of 36.4%
- Net profit up 15.3% to EGP 858.3 million
- Cash flow from operations reached EGP 632.1 million
- Net real estate sales for 1H 2022 up 16.9% to EGP 4.7 billion, the highest first-half sales figures in ODE's history.
- Total deferred revenue from real estate increased by 36.7% to EGP 14.0 billion in 1H 2022
- Real estate cash collection up 29.0% to EGP 2.7 billion in 1H 2022

**Key Highlights of Q2 2022 vs. Q2 2021**

- Total revenues increased by 23.0% to EGP 1.9 billion
- Adj. EBITDA up 18.5% to EGP 667.7 million with a margin of 35.4%
- Net profit up 28.9% to EGP 394.6 million
- Net real estate sales for Q2 2022 increased by 39.4% to EGP 2.6 billion
- Real estate cash collection up 30.5% to EGP 1.4 billion

**Cairo, 15 August 2022** – Pursuing the same momentum since the beginning of 2022, Orascom Development Egypt (ODE) once again delivers strong and positive results for 1H 2022. ODE's continued to deliver on its strategy and growth pattern thanks to its diversified lines of business and thus confirms the company's strong positioning in the industry as well as its viability across any future crisis.

**Financial Review:**

**1H 2022:**

During 1H 2022 total revenues reached EGP 3.8 billion, up 27.6% y-o-y compared to EGP 3.0 billion in 1H 2021. Gross profit increased by 18.0% to EGP 1.3 billion (1H 2021: EGP 1.1 billion). The boost in revenues and gross profit resulted from the acceleration of our construction activities, with real estate revenues reaching EGP 2.6 billion, an increase of 12.1% compared to 1H 2021, in addition to the enhanced business performance of the hotels and town management segments. Adj. EBITDA were up 20.3% to EGP 1.4 billion in 1H 2022, with a 36.4% margin compared to EGP 1.1 billion and a margin of 38.6% in 1H 2021. Other gains and losses reported a loss of EGP 120.5 million vs. a gain of EGP 33.5 million in 1H 2021. The FX translation loss is mainly related to the devaluation of the EGP. Interest expense increased by 13.7% to EGP 153.4 million in 1H 2022 (1H 2021: EGP 134.9 million) due to the increase in interest rates. This operational excellence was reflected in our bottom-line figures with net income up 15.3% to EGP 858.3 million in 1H 2022 (1H 2021: EGP 744.6 million). It is worth mentioning that adjusted net income excluding one-offs (which includes forex losses or gains along with any non-operational one-off transactions) would have increased by almost 37.6% from EGP 711.1 million in 1H 2021 to EGP 978.8 million in 1H 2022.

**ODE maintains a strong balance sheet:**

ODE continued to preserve a healthy balance sheet and monitor its cash balance and liquidity. During 1H 2022, our cash and cash equivalent balance reached EGP 2.9 billion. Total debt stood at EGP 3.8 billion in 1H 2022 (FY 2021: EGP 3.4 billion) and net debt reached EGP 985.5 million. The increase in debt amounts is mainly a result of the depreciation of EGP against foreign currencies. We continued to generate positive cash flows from operations, recording EGP 632.1 million in 1H 2022 (1H 2021: EGP 813.2 million).

**Q2 2022:**

With strong operating and financial results, ODE's second quarter underlines our execution capabilities and strength, even in the face of significant headwinds. Topline performance remained strong with revenues up by 23.0% to EGP 1.9 billion in Q2 2022 (Q2 2021: EGP 1.5 billion). Gross profit increased by 17.5% to EGP 631.9 million in Q2 2022 with a gross margin of 33.5% vs. EGP 538.0 million and a margin of 35.1% in Q2 2021. Adj. EBITDA were up by 18.5% to EGP 667.7 million with a 35.4% margin (Q2 2021: EGP 563.4 million). In line with this background net profit increased by 28.9% to EGP 394.6 million in Q2 2022 (Q2 2021: EGP 306.1 million).

**Group Real Estate: Net real estate sales for 1H 2022 reached EGP 4.7 billion, a growth of 16.9% over last year, the highest first-half sales figures in ODE's history.**

New sales for Q2 2022 reached EGP 2.7 billion, a 39.4% increase from EGP 1.9 billion in Q2 2021. That brings our 1H 2022 sales value to EGP 4.7 billion, a 16.9% increase over 1H 2021, the highest first-half sales figures in ODE's history. Despite various global macro and geopolitical challenges, our operations continued to progress during Q2 2022. We had a robust quarter with strong demand in O West complemented by solid sales momentum in El Gouna. O West was the group's largest contributor to new sales (51.4%), followed by El Gouna (42.1%) and Makadi Heights (6.5%). We continued to increase our average selling prices per sqm across all destinations, whereby El Gouna's average selling prices increased by 14.4%, O West prices increased by 28.8%, and Makadi Heights prices increased by 25.2% vs. 1H 2021. Real Estate revenues continued with the positive performance and increased by 12.1% to EGP 2.6 billion (1H 2021: EGP 2.3 billion). Total deferred revenue from real estate that is yet to be recognized until 2026 increased by 36.7% to EGP 14.0 billion (1H 2021: EGP 10.2 billion). Total real estate portfolio receivables also increased by 31.0% to EGP 18.6 billion (1H 2021: EGP 14.2 billion). Real estate cash collections for the period increased by 29.0% to EGP 2.7 billion in 1H 2022 vs. EGP 2.1 billion in 1H 2021.

**Group Hotels: Outperforming the Broader Hospitality Market in Egypt, with revenues up 147.6% to EGP 633.2 million supported by the return of international travel**

ODE hotels' proven business model once again delivered impressive quarterly results despite various macro and geopolitical challenges around the globe. Q2 2022 performance reflects the positive impact of the return of inbound tourism, with both occupancy and ARR levels benefitting from positive year-on-year change driven by the return of both the corporate and leisure inbound tourists. Q2 2022 revenues increased by 132.1% to EGP 372.6 million (Q2 2021: EGP 160.5 million) pushing our GOP to EGP 161.2 million, a 217.9% increase (Q2 2021: EGP 50.7 million). Accelerating TRevPAR growth expanded our operating leverage and led us to generate EGP 118.4 million of Adj. EBITDA up 226.2% compared to EGP 36.3 million in Q2 2021. Revenues for the hotels during the 1H 2022 increased by 147.6% to EGP 633.2 million (1H 2021: EGP 255.7 million), GOP also increased by 397.7% to EGP 264.6 million in 1H 2022 (1H 2021: EGP 53.2 million). The segment Adj. EBITDA increased by 609.1% to EGP 186.5 million in 1H 2022 (1H 2021: EGP 26.3 million) on the back of further improvements in operational efficiencies.

**Group Destination Management – Strong recurring income growth, with revenues up 40.4% to EGP 575.8 million**

For the second quarter, the destination management segment continued to grow in a very healthy way, both from a margin perspective as well as from a revenue perspective reaping the benefits of the successful restructuring implementation. Revenues in Q2 2022 increased by 32.3% to EGP 299.7 million (Q2 2021: EGP 226.6 million) while Adj. EBITDA also increased by 5.8% to EGP 44.1 million in Q2 2022 (Q2 2021: EGP 41.7 million). Revenues for the town management segment during 1H 2022 increased by 40.4% to EGP 575.8 million (1H 2021: EGP 410.1 million) while Adj. EBITDA also increased by 61.0% to EGP 122.2 million in 1H 2022 (1H 2021: EGP 75.9 million). The notable increase in revenues and Adj. EBITDA was a consequence of a rich calendar of events across destinations and signals our operational excellence as a result of the successful restructuring implementation and our continued focus on enhancing our recurring income, thereby improving the quality and profitability of our services and amenities.

**Details on the Destinations**

**El Gouna:**

In El Gouna, new real estate sales during Q2 2022 grew by 8.6% to EGP 1.1 billion vs. EGP 1.0 billion in Q2 2021. That brings our 1H 2022 sales value to EGP 1.97 billion. We continued to increase our average selling prices by 14.4% to EGP 67,949/sqm vs. 1H 2021. During Q2 2022, we launched a new real estate project "The Nines" with a total inventory value of USD 60 million of which USD 29 million were launched. We also launched two premium small projects "Pearl" and Caspian" with an inventory value of USD 14 million. Our solid construction pace keeps us on track with our planned delivery of 285 units for FY 2022. Real estate revenues were up by a 7.7% increase to EGP 1.45 billion (1H 2021: EGP 1.35 billion).

Once again, El Gouna hotels' proven business model delivered impressive quarterly results and benefited from its leading market positioning and strong ties with leading European tour operators affording a growth in the Hotels' bottom-line operational and financial results. Revenues increased by 113.2% to EGP 342.2 million in Q2 2022 (Q2 2021: EGP 160.5 million). Hotels' occupancy levels increased from 33% to 72% in Q2 2022. Total hotels revenue for 1H 2022 increased by 142.3% to EGP 593.9 million (1H 2021: EGP 245.1 million). Occupancy rate for 1H 2022 increased to 66% (1H 2021: 29%). While GOP increased by 301.2% to EGP 270.4 million (1H 2021: EGP 67.4 million). Foreigners represented c. 72% of our total hotels' occupancy during Q2 2022 and 75% for 1H 2022.

Moving to the hotel's development side, we are progressing with the full renovation of turning the Bellevue hotel into The Chedi hotel (86 rooms). The hotel is set to be operational during Q4 2022. In addition, during Q2 2022, we started the renovation process across (Steigenberger, Sheraton and Ocean View) hotels with plans to be finalized during Q4 2022.

Town management continued its positive momentum with revenues up 38.4% to EGP 551.4 million (1H 2021: EGP 398.5 million). During Q2 2022, we finalized and opened phase 1 of the new sports district which includes tennis, squash, and paddle tennis courts along with a new kids' area, cross-fit arena, and many other sports facilities. Total revenues for El Gouna were up 30.4% to EGP 2.6 billion in 1H 2022 (1H 2021: EGP 2.0 billion).

**O West, Egypt:**

O West continues to affirm its leading position in West Cairo. New sales for Q2 2022 reached EGP 1.4 billion, a 127.4% increase from EGP 610.9 million in Q2 2021. That brings our 1H 2022 sales value to EGP 2.4 billion, a 73.6% increase compared to the EGP 1.4 billion in 1H 2021. We managed to increase our average selling prices by 28.8% to EGP 36,520/sqm vs. 1H 2021.

On the development side, we are speeding up our construction pace, whereby we completed the construction of 444 villas and progressing with the construction of 1,015 apartments and 236 townhomes with plans to start delivering some units in Q1 2023. We also started the construction works in O West Club during Q2 2022. The club will be partially open by Q3-2023. To date, we have 2,856 members in the club (membership fee EGP 220,000), which will provide a steady recurring income stream to the group. In July 2022, we signed EGP 1.5 billion facility agreement to partially finance the development and help accelerate the construction of the launched phases. Total revenues of O West increased by 35.9% to EGP 993.5 million (1H 2021: EGP 731.0 million).

**Makadi Heights, Egypt:**

In Makadi Heights, real estate sales reached EGP 304.4 million in 1H 2022 (1H 2021: EGP 583.9 million), as we had purposefully decided to slow down sales in the destination until we have finalized the land concern issue with the Tourism and Development Authority (TDA) in June 2022. It is worth noting that, the Egyptian Grievance Committee at GAFI has accepted the petition submitted by Makadi Heights and canceled the decision issued in January 2022, reversing the TDA's land reduction. Average selling prices have considerably grown at 25.2% to EGP 36,912/sqm vs. 1H 2021. We continued to accelerate real estate construction activity, keeping our delivery schedule on track, and managed to deliver all 248 planned units by end of June 2022. Real Estate revenues reached EGP 164.4 million in 1H 2022 (1H 2021: EGP 243.3 million). With the speeding up of construction progress, revenues are expected to kick in more over the coming quarters. In Q3 2022, we launched a new real estate project "Ledge" with a total inventory value of EGP 1.9 billion. Total revenues from Makadi Heights destination reached EGP 180.2 million in 1H 2022 (1H 2021: EGP 253.4 million).

**Taba Heights, Egypt:**

Taba Heights remains the most challenging destination for the Group. Nevertheless, the continuous efforts to regain the destination's positioning on the international travel map have started to show some positive effects supported by cost control measures, and an increase from the local and regional businesses afforded an increase in revenues and a decrease in GOP losses. Whereby the destination started to witness some positive momentum. Revenues increased by 403.3% from EGP 9.2 million in 1H 2021 to EGP 46.3 million in 1H 2022. While GOP losses decreased by 59.2% to reach EGP 5.8 million in 1H 2022 vs. a loss of EGP 14.2 million in 1H 2021. Flights from Poland have recently resumed to the Taba Airport in Q2 promising even better performance in the coming quarters. To date, only two hotels out of the six hotels are opened (Strand Hotel & Mosaïque Hotel) with 929 rooms. Occupancy for the available rooms increased to 16% in 1H 2022 (1H 2021: 5%).

**Business Updates 2022:**

While the current state of the global business environment is uncertain and poses some operational challenges, we are confident that our strategies and business fundamentals will carry us forward through the challenging times.

As always, we will continue closely monitoring macroeconomic and global inflationary pressure's effects on consumer purchasing power and our business. We will also continue to keep a close eye on our cash balance and monitoring costs. We will remain focused on expanding our operations, protecting our profitability, and unlocking new value for our shareholders. We executed well across all business lines and concluded the first half of 2022 on solid footing and with strong momentum to continue to flourish during the remaining of 2022.

While the situation remains highly fluid, the outlook is subject to extraordinary uncertainty. ODE is closely monitoring the market developments. Nevertheless, we are continuing to abstain at the time being from providing guidance for 2022.

**Our key areas of focus for the year include:**

**1) Hospitality Segment:**

- a. We will be focusing our efforts on attracting more tour operators from our traditional German-source markets that feed into El Gouna.
- b. Continue campaigning staunchly in the local market to balance the international uncertainty demand pattern.
- c. Finalize the renovation works by Q4 2022; across some of our hotels in El Gouna (Sheraton, Chedi, Steigenberger, Ocean View) to increase our ARR's.

**2) Real Estate Segment:**

- a. Continue fast-tracking our construction pace to meet contractual dates or deliver before time, thus increasing revenues and mitigating any potential inflationary effect on cost.
- b. Continue increasing the average selling prices across all destinations to absorb the escalation in prices of raw materials, while closely examining construction and infrastructure costs to guarantee high-value engineering and procurement savings.
- c. Maximizing cross-selling synergies between our destinations

**3) Town Management Segment:**

- a. Focusing on leveraging our operations and steady growth. Further expanding the number of residents, demonstrating our successes in disciplined deliveries.
- b. Provide attractive offerings for startups and entrepreneurs, encouraging them to come to settle in our destinations.
- c. Focus on extra work strengthening our home offerings by introducing standard home renovation packages tailored for the owners with better payment terms.

**Key Figures for the 1H/Q2 2022/21:**

Revenue by Segment (EGPmn)	Q2 2022	Q2 2021	1H 2022	1H 2021
Hotels	372.6	160.5	633.2	255.7
Real Estate	1,213.8	1,146.2	2,609.0	2,327.5
Town Management	299.7	226.6	575.8	410.1
<b>ODE Group</b>	<b>1,886.1</b>	<b>1,533.3</b>	<b>3,818.0</b>	<b>2,993.3</b>

(EGPmn)	Q2 2022	Q2 2021	1H 2022	1H 2021
<b>Revenue</b>	<b>1,886.1</b>	<b>1,533.3</b>	<b>3,818.0</b>	<b>2,993.3</b>
Cost of sales	(1,254.2)	(995.3)	(2,505.0)	(1,880.4)
<b>Gross profit</b>	<b>631.9</b>	<b>538.0</b>	<b>1,313.0</b>	<b>1,112.9</b>
<i>Gross profit margin</i>	33.5%	35.1%	34.4%	37.2%
Investment income	78.3	55.1	153.5	96.0
Administrative expenses	(42.5)	(29.7)	(77.7)	(54.6)
<b>Adj. EBITDA</b>	<b>667.7</b>	<b>563.4</b>	<b>1,388.8</b>	<b>1,154.3</b>
<i>Adj. EBITDA margin</i>	35.4%	36.7%	36.4%	38.6%
Other gains/losses	(12.3)	(48.9)	(120.5)	33.5
Share of associates gains/losses	23.5	23.3	46.1	44.0
<b>EBITDA</b>	<b>678.9</b>	<b>537.8</b>	<b>1,314.4</b>	<b>1,231.8</b>
Depreciation	(48.7)	(43.8)	(96.6)	(87.4)
Finance costs	(78.2)	(64.8)	(153.4)	(134.9)
Income tax expense	(157.4)	(123.1)	(206.1)	(264.9)
<b>Net Profit for the period</b>	<b>394.6</b>	<b>306.1</b>	<b>858.3</b>	<b>744.6</b>
<b>ODE shareholders</b>	<b>365.9</b>	<b>277.3</b>	<b>786.0</b>	<b>686.2</b>
Non-controlling interest	28.7	28.8	72.3	58.4
<b>Basic EPS (EGP)</b>	<b>0.33</b>	<b>0.25</b>	<b>0.70</b>	<b>0.62</b>

(EGPmn)	30.06.22	31.12.21
Property, plant, and equipment	5,470.0	5,133.8
Inventory	8,786.3	8,368.4
Receivables	4,536.1	4,028.0
Cash and bank balances	2,111.2	1,825.6
Treasury bills	750.1	1,271.1
Investments in associates	320.2	353.6
Other assets	2,557.0	1,660.4
<b>Total assets</b>	<b>24,530.9</b>	<b>22,640.9</b>
Borrowings	3,846.8	3,419.5
Payables	7,082.5	7,012.3
Provisions	1,104.3	966.4
Other Liabilities	6,665.2	6,248.2
<b>Total liabilities</b>	<b>18,698.8</b>	<b>17,646.4</b>
Non-controlling interests	892.9	824.7
Equity attributable to ODE shareholders	4,939.2	4,169.8
<b>Total liabilities and equity</b>	<b>24,530.9</b>	<b>22,640.9</b>

## **Presentation:**

The associated presentation and financial statements can be found on Orascom Development Egypt's website <https://www.orascomde.com/investor-relations> under the Investor Relations section.

## ***Telephone conference hosted by CI Capital on August 15<sup>th</sup>, 2022, at 3:00 pm Cairo Local Time (CLT).***

A telephone conference for analysts and investors hosted by CI Capital will be held in English on Monday, 15<sup>th</sup> of August 2022; at 3:00 PM Cairo Local Time. **Chief Executive Officer, Omar El Hamamsy, Chief Financial Officer, Ashraf Nessim, and Director of Investor Relations, Ahmed Abou El Ella** will present 1H 2022 results and will be available to answer questions. A registration is not required.

## **Dial-in details are as follows:**

[Click here](#) for webinar link

Event number: 957 7986 7590

Event password: 709486

A call recording will be available after the call

## **About Orascom Development Egypt (ODE):**

Orascom Development Egypt (ODE) is the largest subsidiary of Orascom Development Holding (ODH). ODE is an integrated developer of resort towns in Egypt, with a vertically integrated business model involving the development of residential units, hotels, and recreational facilities such as golf courses, town centers, and marinas, in addition to supporting infrastructure, such as hospitals, schools, and utilities. ODE currently owns a land bank of 50.25 million square meter and 24 hotels with a total of 4,939 rooms within four operating destinations. El Gouna, on the Egyptian Red Sea Coast in Hurghada, Taba Heights, on the Sinai Peninsula, Makadi Heights in Hurghada and Byoum in Fayoum and finally our first project in Cairo, Egypt, located in 6<sup>th</sup> of October City O West.

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