



## EARNINGS RELEASE – Full Year 2015

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### ERC Announces Consolidated Results for Full Year 2015

Top- and bottom-line figures surge in FY2015 on land sales, rising services revenues. Key developments in 4Q2015 include additional revenues recognized from contracted sales and the hosting of major sports events on site.

#### Full Year Financial and Operational Highlights

- Net revenues in FY 2015 reached EGP 400.4 million compared to EGP 51.3 million the previous year.
- Gross Profit of EGP 241.9 million in FY 2015, against a gross loss of EGP 48.7 million in the comparable period last year.
- Operating Profit of EGP 206.2 million, compared to a loss of EGP 49.8 million in FY 2014.
- Net Profit After Tax for FY 2015 of EGP 217.5 million, compared to a loss of EGP 47.2 million in FY 2014.

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, announced today its consolidated results for the fourth quarter and full year of 2015, reporting net profit after tax of EGP 217.5 million on revenues of EGP 400.4 million in FY 2015.

This significant growth in year-on-year figures can be attributed mainly to a 418% surge in activities revenues (primarily land sales of EGP 300.8 million) and an 11% uptick in service revenues (EGP 4.8 million).

In FY 2015, general and administrative expenses remained somewhat flat at EGP 30.1 million at the close of the year. Meanwhile, selling and marketing expenses came at EGP 19.7 million, reflecting a growth of 87% due to increased promotional activities. The company's balance sheet remained liquid at year's end, with cash of EGP 135.6 million.

The ongoing economic recovery in Egypt drove significant increases in cash collections from sub-developers and retail buyers, which stood at EGP 164.9 million for FY 2015, an almost 84% increase from FY 2014's EGP 89.5 million. Meanwhile, cash receipts from community management and services also rose by 4% in FY 2015 to reach EGP 42.2 million from EGP 40.7 million in FY 2014.

#### **Commenting on the Company's FY 2015 results and the outlook for the coming year, Chief Executive Officer Mohamed Kamel said:**

Our financial results in FY 2015 reflect the long-term transformation strategy we adopted in 2010 — a strategy that saw the company build a team of serious talent to propel Sahl Hasheesh to its position as the Red Sea's most sought-after destination by both tourists and Egyptian nationals — a supremely difficult task given the industry's challenges post January 2011.

Although 2015 was, all-in-all, a highly fruitful year for ERC, it too was not without challenges. Just as it was beginning to show signs of real recovery, the Egyptian tourism industry was hit hard in the fourth quarter of the year when a Russian aircraft crashed after taking off from Sharm El Sheikh in November, compelling a number of key inbound markets to impose bans on travel to Egypt. Luckily, ERC's forward looking strategy softened the blow. Our strategy does not only seek to place Sahl Hasheesh at the top of both international and domestic vacationer's travel agenda, but also aims to turn the development into a full-fledged community with products that cater to multiple segments of both first- and second-home owners.

### **1. Land Plot Sales**

On the community development front, 2015 saw ERC realize gains from a strategic management decision to refrain from land plot sales until a market rebound catapulted prices back to their fair value range. Accordingly, significantly improved land plot sales contracts this year were the key drivers of top- and bottom-line growth for ERC. Total contracted sales stood at USD 71.9 million at the end of the fourth quarter, of which most have already been recognized as sales, with the balance set to be realized over the course of 2016. ERC's land sale strategy revolves around value creation and falls in line with the company's overall objective of building a sustainable community, with plans already underway to construct a school and university in Sahl Hasheesh.

### **2. Events & Activities**

Throughout the year, ERC organized a number of activities — including a few “firsts” — that ranged from sporting events to beach parties, including one of the largest music festivals to ever take place on the Red Sea coast, “Blurrfest”. Additionally, the company resumed its annual Boardwalk beach parties, which featured both international and local acts and artists. Sahl Hasheesh also hosted its second annual triathlon, which saw 400 athletes from 11 countries — organized by Cairo's Trifactory Club — compete in swimming, cycling, and running over the course of two days. For the first time ever, ERC hosted and helped organize in December a national equestrian event; the three-day showjumping competition had over 250 riders competing in front of some 800 guests in attendance. These efforts have seen the community gain in popularity, with average occupancy rates at Sahl Hasheesh significantly outpacing the national average.

In the way of international exposure, 4Q 2015 saw Sahl Hasheesh return to the World Travel market expo in London for a second year, with a new booth and new materials to present to travel industry leaders from around the world. The company was also a sponsor of the African Hotel Investment Forum in the third quarter of the year, which took place in the Ethiopian capital of Addis Ababa. The AHIF is the largest annual tourism and hotel investment conference in Africa, where hundreds of local, regional, and international investors and operators gather to discuss ways to drive touristic development in the region.

### **3. Proprietary Projects**

With the villas of the Jamaran project selling well, ERC has launched sales of its Tawaya apartments in Old Town — in partnership with Palm Hills Development — and has so-far sold nearly 20% of available units.

Clearing another hurdle on course to the launch of the Sawari marina project, the Tourism Development Authority approved in 2015 ERC's request to redefine the boundaries of Sahl Hasheesh's Phase 2 to include the entirety of Sawari's 1.1 million square meter initial phase.

Phase 1 of Sawari will accommodate vessels of up 60 meters in length and will include two five-star hotels and one four-star property around the marina basin. This phase will also include more than 1,000 villas and apartments along

the marina basin and lagoon, as well as an extensive pedestrian promenade featuring more than two kilometers of boutique shopping, fine dining and cafés as well as nightlife and entertainment venues.

### Looking Ahead

While we are fully aware of the challenges that still lie in the road ahead (and although we are both willing and able to face them), we are optimistic and believe the industry is at the end of a tough cycle. This is why we will be kicking off our second quarter of 2016 with a strong marketing campaign — in line with our destination strategy — targeting the domestic market of Red Sea enthusiasts.

On the financial level, we will push forward with our cost control schemes and the proactive management of our cash flows with a view to keeping spending focused on meeting our proprietary and infrastructure-related obligations. At the operational level, we will continue to ensure Sahl Hasheesh remains the destination of choice and “the place to be” for holiday makers and developers alike, with no compromise on our quality offering and active season events.

### Mohamed Kamel

Chief Executive Officer

### Legal Update

- **Concerning the lawsuit filed by Shehata Mohamed Shehata before the State Council, regarding the annulment of the Allocation of Sahl Hasheesh land:**

The Commissioners’ Committee Report (the “CC Report”) was issued, recommending the suspension of the lawsuit until the Supreme Constitutional Court decides on the constitutionality of Law no. 32 of 2014 on the Regulation of Certain Procedures for Challenging State Contracts (the “Constitutional Lawsuit no. 120 of 36 JY”). On 22 March 2016, the court issued its judgment in favor of ERC by accepting its intervention and declaring inadmissibility of the lawsuit for Shehata Mohamed Shehata’s lack of the requisite legal standing.

- **As for the lawsuit brought by Pyramisa before the State Council against the Prime Minister, the Minister of Tourism, the Head of the Tourism Development Authority (TDA), and Egyptian Resorts Company (ERC); regarding Sahl Hasheesh land:**

The Commissioners’ Committee (the “CC”) has issued its report, recommending: (i) to suspend the lawsuit until the Supreme Constitutional Court decides on the constitutionality of Law no. 32 of 2014 on the Regulation of Certain Procedures for Challenging State Contracts (the “Constitutional Lawsuit no. 120 of 36 JY”); and (ii) secondarily, to dismiss the lawsuit as it was filed by a person who lacks the requisite legal standing. The next hearing is scheduled for 5 April 2016 to review the report and submit final memos.

- **Regarding the proactive lawsuit filed by ERC against the TDA’s decision on the cancellation of the preliminary approval granted to ERC concerning the Allocation of Phase 3 land:**

The court decided to refer the lawsuit to the Commissioners’ Committee, requesting the Committee issue a report on the lawsuit. Our legal counsel has previously objected to the involvement of Pyramisa in the case on the basis that it lacks standing to intervene in the lawsuit under Law no. 32 of 2014. The case is pending before the CC for the report.

## About ERC

Egyptian Resorts Company S.A.E. (EGX: EGTS.CA) is a master developer of international standard resort communities on a fully-integrated management basis. The company is incorporated in Egypt and headquartered in Cairo. Egyptian Resorts Company acquires broad acre land holdings suitable for premium mega resort development at nominal value. The company then creates a master plan in partnership with global architectural and urban planning firms, builds state-of-the-art infrastructure, implements design guidelines and community management rules and regulations, then on-sells individual pre-designated plots to sub-developers and investors whose primary businesses are hotel ownership, operation and management, as well as luxury resort and residential real and estate development. 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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