



EARNINGS RELEASE – First Half 2017

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ERC Announces Consolidated Results for the first half of 2017

ERC demonstrated strong revenue growth in the first half of 2017 as the company booked land and unit sales and capitalized on ramped up marketing efforts and increased visibility during the months leading to summer

First Half Financial and Operational Highlights

- Net revenues in 1H 2017 reached EGP 149.6 million compared to EGP 16.3 million during the same period last year
- Gross Profit recorded EGP 83.3 million against a gross loss of EGP 28.1 million during the same period last year
- Operating Profit came in at EGP 67.3 million compared to an operating loss of EGP 65.1 million in 1H 2016
- Net Profit for the period stood at EGP 61.0 million, compared to a net loss of EGP 36.9 million in the same period last year

Egyptian Resorts Company (EGX: EGTS.CA), one of Egypt's leading master and real estate developers, announced today its consolidated results for the six-month period ending 30 June 2017, reporting a nine-fold increase in net revenues to EGP 149.6 million on the back of land sales. Revenue growth for six-month period was also driven by higher proceeds from services rendered and utilities as the warmer weather attracted Sahl Hasheesh's seasonal inhabitants and holiday-goers. The company recorded sales returns of only EGP 780 thousand in 1H 2017 versus EGP 9.8 million in the same period last year. Top-line growth filtered to a net profit of EGP 61.0 million in 1H 2017, compared to a net loss of EGP 36.9 million in 1H 2016, and yielding a net profit margin of 41%.

The six-month period also saw cash receipts rise to EGP 83 million in 1H 2017, up from EGP 39.9 million during the same period in 2016. This came on the back of collections from land and residential units sales, which increased to EGP 68.2 million in 1H 2017 compared to EGP 27.4 million during the same period last year. Cash receipts from community management and services increased to EGP 14.8 million, up from EGP 12.5 million during 1H 2016. The company's balance sheet remained liquid as at 30 June 2017, with a cash balance of EGP 123.1 million.

Events & Activities

ERC's marketing efforts have placed Sahl Hasheesh firmly on the map as one of Egypt's top coastal destinations among foreigners and Egyptians alike. During 1H 2017, ERC organized a number of new events, ranging from sporting events and beach parties to CSR activities, demonstrating the versatility of Sahl Hasheesh's coastline.

On April 2017, byGanz Extraordinaire, one of the most widely known Egyptian-based event and PR companies, hosted a three-day event featuring daytime beach activities and evening entertainment in collaboration with Blue Marlin UAE. The nighttime event, "Burning Beach" received wide coverage in major Egyptian news outlets and blogs, helping further solidify Sahl Hasheesh as a premiere destination for upscale entertainment.

Sahl Hasheesh hosted the biannual triathlon with Trifactory during 2Q 2017, an event which has been held at Sahl Hasheesh every spring and winter over the last four years. May 2017's event saw 600 athletes from Egypt and across the world competing in a variety of exciting races.

In April 2017, ERC organized Orphan Day, where 35 children were hosted for an activity-filled day on Sahl Hasheesh's beach. The event included a submarine tour, lunch on the beach and various entertainment activities. ERC also donated 641kg of dry foodstuff for Eid Al Adha to non-profit organization, Egyptian Food Bank, in line with the company's belief in CSR as an effective tool to support Egyptian society.

The summer will see the new season of Boardwalk Beach Parties, which officially kicked off during Eid Al Fitr in July 2017. Through until October, Sahl Hasheesh's scenic beaches will host its signature beach parties with live DJs every Friday. Additionally, Bus Stop, a live music restaurant/bar located on the Boardwalk, made its debut in July 2017 with two nights of live music with The Cadillacs, Crash Boom Bang and Bluezophrenia.

Land Plot Sales

On the community development front, ERC realized revenues of EGP 120.3 million from main activities during 1H 2017, including land sales of EGP 102.2 million and realization of EGP 4.9 million related to the Jamaran development. ERC has not realized revenue from contracted land plot sales in 2Q 2017, however, the company is expecting sub-developers' appetite for land to grow in the second half of the year.

Proprietary Projects

Tawaya, ERC's exclusive waterfront apartments in Old Town developed in cooperation with Palm Hills, recorded revenues EGP 4.1 million in 1H 2017, on par with 1H 2016 figure of EGP 4.0 million. Currently, around 43% of the project has been sold, contracted or reserved with expectations to sell out by year-end. Meanwhile, recurring revenues from retail activities reached EGP 4.8 million, including Old Town Retail rental revenues (EGP 2.5 million) and retail outlets and other income (EGP 2.2 million).

Infrastructure Revenues

Revenues from ERC's rendered services totaled EGP 30.1 million in 1H 2017, up nearly 50% y-o-y, and contributing c.20% to the company's top-line. Utilities and services rendered included power distribution (EGP 11.2 million), water distribution (EGP 7.2 million) and facilities management services (EGP 10.7 million) among others.

Looking Ahead

Management is actively working to realign ERC's business model and strategy with the prevailing economic realities and the difficulties faced by the tourism industry. As such, new measures will be introduced during the coming period aimed at expanding the company's offerings across the real estate value chain, increasing product diversification and maximize recurring revenue as a means to promote long-term sustainable value creation. The strategy will see ERC increasingly develop its own strategic and flagship assets utilizing its financial resources, as well as directly invest in recurring income developments such as hotels, commercial and retail spaces. ERC will also work to better utilize its infrastructure assets and facilities management division, both primary sources of recurring income for the Company with real long-term potential.

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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

Red Sea Hotels Holding	11.60%
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%
Others	45.33%

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