



EARNINGS RELEASE – Full Year 2017

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ERC Announces Consolidated Results for the full year 2017

ERC delivers a solid performance in 2017 driven by higher real estate unit and land sales and revenues from utilities and facilities management services. This is in line with management's strategy to further develop the company's real estate business to become the main driver of growth in the years ahead, streamline its operations and build its operational capacity.

Full Year Financial and Operational Highlights

- Net revenues in FY 2017 reached EGP 281.1 million, up 61% y-o-y versus the EGP 174.1 million recorded in FY 2016
- Gross Profit posted EGP 102.8 million in FY 2017, up 132% y-o-y compared to FY 2016 figure of EGP 44.4 million
- Operating Profit for FY 2017 recorded EGP 30.5 million versus an operating loss of EGP 48.9 million in FY 2016
- Net Profit for the year was booked at EGP 69.5 million in 2017 and posting a net profit margin (NPM) of 25% compared to a net loss of EGP 18.8 million in 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 full year ending 31 December 2017, reporting revenues of EGP 281.1 million, up 61% y-o-y. Revenue growth was driven by both increased land and unit sales during the year as well as higher revenue from services rendered and utilities on the back of higher traffic through Sahl Hasheesh. Contracted land sales recorded c. EGP 225 million in 2017 while total contracted sales came in at c. EGP 400 million for the year. Meanwhile, ERC's ability to extract higher cost efficiencies from services and utilities, along with the company's control of SG&A/Sales – down to 26% in FY 2017 versus 48% in FY 2016 – saw it deliver a net profit of EGP 69.5 million and a net profit margin of 25% in FY 2017 compared to a net loss of EGP 18.8 million in FY 2016.

The company's strong operational performance during the year was also reflected on its cash receipts, which recorded a 44% increase y-o-y to EGP 162.5 million in FY 2017. Cash collected from land and unit sales recorded EGP 115.2 million in FY 2017, up 37% y-o-y compared to the EGP 84.0 million in FY 2016. Meanwhile, cash collections from community management services totaled EGP 47.3 million in FY 2017, a 65% increase over FY 2016 figure of EGP 28.6 million. ERC's total cash balance as at 31 December 2017 stood at EGP 165.7 million, including EGP 43.6 million in long term deposits. Receivables as at year-end 2017 reached EGP 1.8 billion.

Land Plot Sales

ERC recorded total land sales revenue of EGP 172.3 million in FY 2017, up 39% y-o-y compared to the EGP 123.8 million recorded in FY 2016. Land sales during the year included plot sales of EGP 167.4 million (FY 2016: EGP 85.4 million), as well as EGP 4.9 million related to land sales at the company's Jamaran project (FY 2016: EGP 2.7 million).

Real Estate Projects

Real estate revenues came in at EGP 29.9 million in FY 2017, with revenues generated by unit sales of Tawaya constituting the bulk at EGP 22.8 million compared to EGP 5.9 million in 2016. Tawaya, which is ERC's exclusive waterfront apartments in Old Town promoted in cooperation with Palm Hills, is now more than 60% sold, contracted or reserved having generated more than EGP 180 million in contracted sales since inception. Meanwhile other recurring revenue including retail and F&B (and excluding maintenance) posted a combined EGP 6.2 million in FY 2017 versus EGP 4.2 million in FY 2016.

ERC's pipeline of real estate projects currently has c.77 units under construction with significant efforts underway to push forward the Jamaran project development, including landscape improvements, infrastructure and the clubhouse. ERC aims to capitalize on the recent increase in average selling price per built-up sqm in the area, which reached around EGP 18,000 to EGP 20,000, with expectations for further increases in the short-term.

ERC's management team has also dedicated significant bandwidth to push forward the development of the recurring income assets in the Old Town area of approximately 49,000 sqm, including Tawaya's commercial component of retail shops, offices, and hospitality.

Infrastructure Revenues

Utilities and services rendered by ERC generated revenues of EGP 75.3 million in FY 2017, up 54% y-o-y and contributing 27% to total revenue for the year. Utilities and services rendered included power distribution (EGP 35.0 million), water distribution (EGP 19.3 million) and community maintenance and other services of EGP 21.0 million.

Events & Activities

Throughout 2017 ERC pressed ahead with its marketing efforts and focused on positioning its developments as the destination of choice for Egyptian and foreigners alike. Additionally, the company also hosted and sponsored a number of events and activities, including beach parties and sporting competitions to help drive increased traffic through its developments. To further increase traffic through Sahl Hasheesh, ERC also maintained its regular, annual participation in tourism trade shows (ITB Berlin and WTM London).

ERC's events included its weekly Boardwalk Beach Parties season which ran from July through to October 2017, the first-ever Sahl Hasheesh Rally 2017 that took place in November. Other events included a fishing tournament with Red Sea Anglers as well as two editions of the Sahl Hasheesh Triathlon with Trifactory.

In July 2017, Bus Stop, a live music restaurant/bar located on the Boardwalk, made its debut with two nights of live music with The Cadillacs, Crash Boom Bang and Bluezophrenia. In 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.

As part of its commitment to the betterment of the communities where it does business, ERC in cooperation with Injaz Misr provided the opportunity for its employees to participate in educational activities and to school students, including teaching courses that work to nourish skills relevant to today's market needs. Meanwhile, the company also organized an Orphan Day where 35 children were hosted for an activity-filled day on Sahl Hasheesh's beach; donated 641kg of dry foodstuff for Eid Al Adha to the Egyptian Food Bank, a non-profit organization, and hosted group weddings for 44 orphans at its Piazza in line with the company's belief in CSR as an effective tool to support Egyptian society.

Looking Ahead

Management is actively working to realign ERC's business model and strategy in order to maintain its steady growth trajectory amid the shifting dynamics in Egypt's evolving real estate and 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. Additionally, the company aims to enhance the value of its current land bank of almost 3.4 million square meters as part of its long-term strategy pillars.

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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	20.96%
First Arabian Company	10.00%
Misr Insurance	8.05%
Rowad Tourism Company	5.77%
Misr for Life Insurance	6.96%
Others	48.26%

Investor Contact

Ayman Taha	Telephone	+202 2735 8427
Senior Manager - Investor Relations	Fax	+202 2735 2743
Egyptian Resorts Company	email	Ayman.Taha@erc-egypt.com

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