



## EARNINGS RELEASE – Second Quarter 2013

Cairo, August 18, 2013, 12:00 hrs Cairo time (10:00 hrs GMT)

### ERC Announces Consolidated Results for Second Quarter 2013

ERC reports increased revenues in 2Q 2013 of EGP 14.2 million; optimistic investors expanding their projects.

#### Second Quarter Financial and Operational Highlights

- Consolidated revenues of EGP 14.2 million, a 61.4% increase from EGP 8.8 million in 2Q 2012, with revenues from two small land sales and recurring revenues from utilities being offset by sales returns of EGP 2.2 million from Sawari project
- Gross profit of EGP 0.2 million against a gross loss of EGP 4.9 million in the same period of 2012
- Operating loss of EGP 17 million vs EGP 13.5 in 2Q 2012. Operating results mainly due to restitution related to a lawsuit and provisions for accounts receivables
- Profit before tax of EGP 1.8 million compared with a loss of EGP 6.3 million in 2Q 2012
- Net Profit of EGP 1.3 million compared with a loss of EGP 7 million in 2Q 2012
- Earnings per share of negative EGP 0.001 against negative EGP 0.006 in 2Q 2012

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, announced today its consolidated results for the second quarter of 2013, reporting a net Profit of EGP 1.3 million on revenues of EGP 14.2 million. By comparison, the company reported a 2Q 2012 net loss of EGP 7 million on revenues of EGP 8.8 million.

ERC reported continued international marketing efforts in 2Q 2013 and opening of new Old Town facilities, a cornerstone of the long-term development of Sahl Hasheesh's attractiveness to guests of the community as well as day-trippers from the surrounding area.

Also in the quarter just ended, Sahl Hasheesh continued to generate demand for utilities, resulting in growth of recurring revenues (including community services and utilities) to EGP 8.8 million (up 46.6% over the same period of 2012). Investors in Sawari Marina are waiting on final regulatory approval for the start of construction before fully committing.

Management continues its cash conservation measures, in place since FY 2011, general and administrative expenses increased to EGP 11.9 million in the quarter mainly due to a restitution related to a lawsuit, while selling and marketing expenses closed 2Q 2013 at EGP 15 k.

ERC's balance sheet remained liquid at the close of the second quarter, with cash of EGP 72.4 million in addition to EGP 67 million cash equivalent investments.

**Commenting on the company's 2Q 2013 results and the outlook for the balance of the year, Chief Executive Officer Mohamed Kamel said:**

Although the recent unfortunate events in Egypt have dealt a significant blow to the industry, we are cautiously optimistic that the events will be short-lived and that Egypt may then be taking steps toward political and economic stability and the building of an inclusive democracy. Management is mindful that consumer confidence and tourist sentiment toward Egypt as a destination will face headwinds in the medium term. In this respect, we expect tourism arrivals to be modest in the second half of the year.

Despite this backdrop, ERC remains optimistic in the long-term about Egypt as a globally competitive tourism destination and accordingly continue both our international marketing efforts and our build-out of Sahl Hasheesh's infrastructure and total tourist offering.

**1. Marketing**

Since late 2012, we have sustained our marketing efforts with a view to capturing a larger share of the market as Egypt's tourism sector recovers. This program included a high profile presence at ITB Berlin in the first quarter of the year and at the Arabian Travel Market in Dubai during the second quarter – both along with WTM London are the industry's leading fairs. As was the case in Berlin, ERC's booth generated substantial new interest in the destination from attendees.

**2. Existing Investors**

It is perhaps even more gratifying to note that we have sold two small land plots to existing investors who wish to expand their projects, reflecting improved investor sentiment toward both Egypt and Sahl Hasheesh in particular. We believe this follow-on investment by existing sub-developers also reflects positively on ERC's proven commitment to managing Sahl Hasheesh for the long-term despite the challenges our industry has seen since the January 2011.

**3. Old Town**

I am pleased to note that ERC is now home to a new Italian restaurant and beach club, bringing Old Town to 55 rented shops (up from 52 at the end of 2012), of which 38 are now open. As we reported in our 1Q 2013 earnings, we concluded an agreement with Italian food and beverage investors Lu Lu to rent a section of the beach at Old Town and a restaurant overlooking it. The restaurant and club is attracting visitors from within and outside the Resort.

**4. Corporate Social Responsibility**

As part of its CSR initiatives, ERC teamed up with Injaz in sending corporate volunteers' to a number of schools in Cairo and Hurghada where they share their professional experience with underprivileged youth and give them practical training on how to succeed in the private sector. Also, ERC had the privilege of hosting a one-day event for 35 orphans in Sahl Hasheesh in partnership with the Hurghada branch of Resala, the national charity NGO. The children took a complete tour of the grounds on electric shuttle buses, had a submarine trip to discover the wonders of the Red Sea, engaged in a series of games, challenges and activities with the animation team and enjoyed a nutritious lunch.

## 5. Legal Update

The next court hearing in the case filed to annul the Sahl Hasheesh contract is presently scheduled for 10 October 2013. The next court hearing in our proactive suit filed against the Tourism Development Authority in regards to the withdrawal of Phase 3 land is presently scheduled for 21 October 2013.

### Mohamed Kamel

Chief Executive Officer

### 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 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, and 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 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 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%
Rowad Tourism Company	10.00%
First Arabian Company	10.00%
Al Ahly Capital Holding	8.99%
Misr Insurance	8.05%
Misr for Life Insurance	6.95%
Orascom Development Holding	4.50%
Other long-term investors	7.64%
Free Float	31.91%

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