



## EARNINGS RELEASE – First Quarter 2013

Cairo, May 26, 2013, 16:00 hrs Cairo time (14:00 hrs GMT)

### ERC Announces Consolidated Results for First Quarter 2013

ERC reports increased utilities revenues in 1Q 2013 of EGP 6.9 million; new international marketing efforts

#### First Quarter Financial and Operational Highlights

- Net revenues of EGP 5.9 million, a 16.2% decrease from EGP 7 million in 1Q 2012 as the company recognized no revenue from Sawari unit sales, while strong utilities revenues were offset by EGP 2 million in sales returns from Sawari project
- Gross loss of EGP 4.9 million against a gross loss of EGP 3 million in the same period of 2012
- Operating loss of EGP 15.9 million vs EGP 11.6 million in 1Q 2012. Operating results mainly reflect losses consolidated from Sahl Hasheesh Co.
- Loss before tax of EGP 5.7 million compared with EGP 4.9 million in 1Q 2012
- Net loss of EGP 12 million compared with EGP 5.5 million in 1Q 2012, primarily due to losses from subsidiary Sahl Hasheesh Co.
- Earnings per share of negative EGP 0.004 against negative EGP 0.003 in 1Q 2012

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, announced today its consolidated results for the first quarter of 2013, reporting a net loss of EGP 12 million on revenues of EGP 5.9 million. Comparative net losses for 1Q 2012 stood at EGP 5.5 million on revenues of EGP 7 million.

The quarter witnessed a number of positive operational developments at Sahl Hasheesh, the most notable of which include aggressive international marketing efforts as Sahl Hasheesh established itself as a standalone destination at the ITB Berlin exhibition. ERC also just recently signed a 10,000 square meter beach operating agreement with seasoned Italian investors along with an adjacent restaurant in the Old Town — Sahl Hasheesh's commercial and entertainment core.

ERC once again witnessed growth in recurring revenues (including community services and utilities) to EGP 6.9 million (up 73.3% over the same period of 2012). Unit purchasers in the Sawari Marina still await final regulatory approvals for the start of construction. Upon receipt of that approval, management anticipates significant sales at Sawari.

In keeping with the proactive cash conservation program inaugurated in FY 2011, management successfully kept general and administrative expenses constrained in the quarter, at EGP 7.2 million, while selling and marketing expenses stood at EGP 990,000. EGP 4.5 million of operational asset depreciation, however, led to a gross loss of EGP 4.9 million, a 64.1% variance from EGP 3 million in 1Q 2012.

ERC's balance sheet remains solidly liquid at the close of the first quarter with a 25% increase in the cash balance reaching EGP 202.5 million compared with the previous quarter. The cash increase is from a credit facility injection of EGP 52.5 million to finance Sahl Hasheesh Company's capital increase of EGP 105 million.

**Commenting on the Company's 1Q 2013 results, Chief Executive Officer Mohamed Kamel said:**

The industry and the company are yet to witness a noticeably significant improvement in tourism investor sentiment, and the regulatory process still remains slow. We are still optimistic that this flat trend will turn a corner before the end of the year.

**1. Marketing**

As reported last quarter, we have ramped up our marketing efforts for Sahl Hasheesh with a view to the Sahl Hasheesh destination capturing a larger share of the market as Egypt's tourism sector recovers. The initial step was to distinguish Sahl Hasheesh as a new and independent destination on the Egyptian Red Sea. This saw us participate for the first time in ITB Berlin in March 2013. ITB Berlin is the world's largest tourism policy summit, and is attended by 100 ministers of tourism and state secretaries from around the world. It is also our industry's leading global trade show with 110,000 trade visitors having attended this year's fair in addition to more than 60,000 members of the general public. ERC's booth at the fair generated a great deal of interest from these attendees, with tour operators and investors keen to learn more.

**2. New Investors**

In 1Q 2013, ERC signed an agreement with Lu Lu, an Italian investment group with a wide experience in the food and beverage industry as it owns a number of successful restaurants in Italy. The group signed up to lease and manage 10,000 square meters of beach and an adjacent 500+ square meter restaurant in the Old Town.

**3. Utilities**

As more developments enter the operational stage, ERC, looking to stay ahead of the utilities curve, signed for a new desalination train with TAM to upgrade the current water desalination plant from 10,000 m<sup>3</sup> / day to 14,000 m<sup>3</sup> / day based on the forecasted demand for the coming years.

**4. Legal Update**

The next court session in the case filed to annul the Sahl Hasheesh contract is presently scheduled for 18 July 2013. The next court session in our proactive suit filed against the Tourism Development Authority for the withdrawal of Phase 3 land is presently scheduled for 17 June 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%

## Investor Contact

Wael Abou Alam	Telephone	+202 2735 8427
Director - Finance	Fax	+202 2735 2743
Egyptian Resorts Company	email	<a href="mailto:wael.aboualam@erc-egypt.com">wael.aboualam@erc-egypt.com</a>

# # #

## Disclaimer and Forward-Looking Statements

*This document is intended for information purposes only and does not constitute or form part of an offer for sale or subscription or an invitation or solicitation of an offer to subscribe to or purchase securities of any kind and neither this document nor anything contained herein shall form the basis of any contract of commitment from any party whatsoever. Information, including but not limited to financial information, in this document should not be considered as a recommendation in relation to holding, purchasing or selling shares, securities or any other instruments in or in entities related to ERC or any other company. This document contains forward-looking statements. By their nature, forward-looking statements involve inherent risk and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. ERC does not make any representation, warranty or prediction that the results anticipated by such forward-looking statement will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standards scenario. Such forward-looking statements speak only as of the date on which they are made. For the avoidance of doubt, the words "believe", "anticipate", "expect", "intend", "aim", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements.*