



INVESTOR PRESENTATION

May 2019

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For any queries or comments relating to this presentation or ERC, please contact Ayman Taha, Head of Investor Relations at: ayman.taha@erc-egypt.com





The Growth Story

An Integrated Developer With Clear Growth Strategies

ERC is a fully-integrated real estate developer, covering the entire value chain including real estate, master and infrastructure development, facility and community management



Key Operational Developments



Collections

- Newly formed credit and collections committee to oversee implementation of unified collections policy
- Negotiating the settlement of outstanding receivables worth EGP 600 mn owed to ERC
- Management shifting emphasis towards unit sales which have much lower delinquency rates and more consistent sales patterns than land plot sales

Hospitality

- Integrating serviced apartments into all of ERC's residential projects which would provide rental yield returns to potential buyers in addition to increasing footfall throughout commercial areas all year round
- Third party developers have added 150 hotel rooms to Sahl Hasheesh's inventory in 2018 with an additional 1,500 rooms expected to come online in 2019. This will drive significant growth in the number of touristic visitors in 2019

Residential and Land Bank

- Launched Bay Village with more than 100 units sold/reserved in first few months
- Limit the release of land to select developers to drive growth in land prices over the next five years resulting in significant value enhancement of ERC's land bank
- Upcoming inventory estimated at 600 units to be launched in 2019

Community and Retail

- Launched a shuttle bus service connecting the various hotels and residential projects in addition to Uber and TUKTUK services
- Adopted more stringent measures in the selection of commercial tenants with an eye to ensuring the quality of the goods and services provided
- Hosted triathlon, motor festival, New Year's parties that were attended by thousands

EGP **275** mn

Tawaya total contracted & reserved sales
c. 84% of total

100 Units
Sold/Reserved

Bay Village sales since
launch in October

EGP **108** mn

2018 revenue from
recurring service streams
including retail areas

3.4 mn Sqm

Total Land Bank

1.4 mn Sqm

Residential BUA

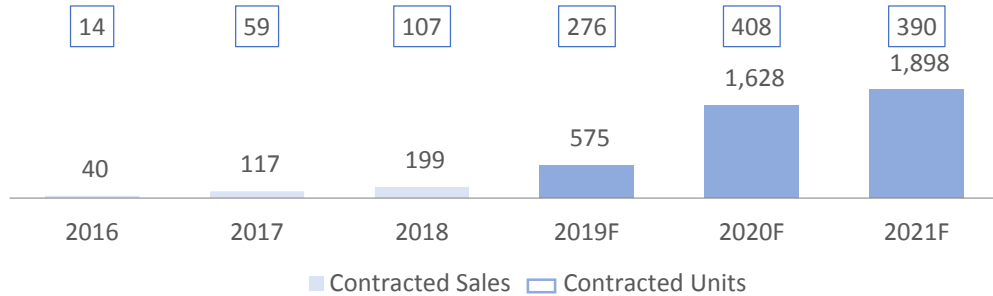
0.9 mn Sqm

Hospitality BUA



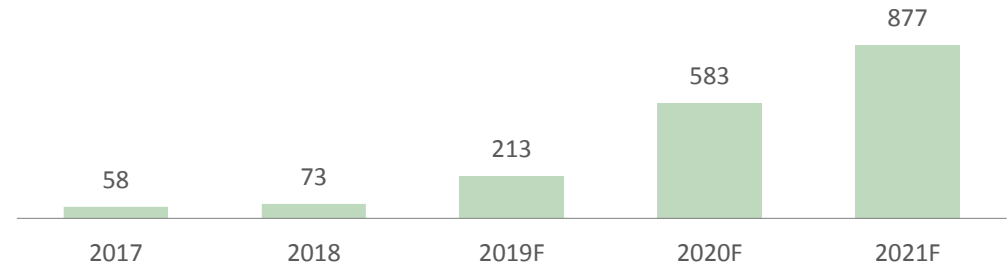
Strength Through the Years

Contracted Unit Sales | EGP mn



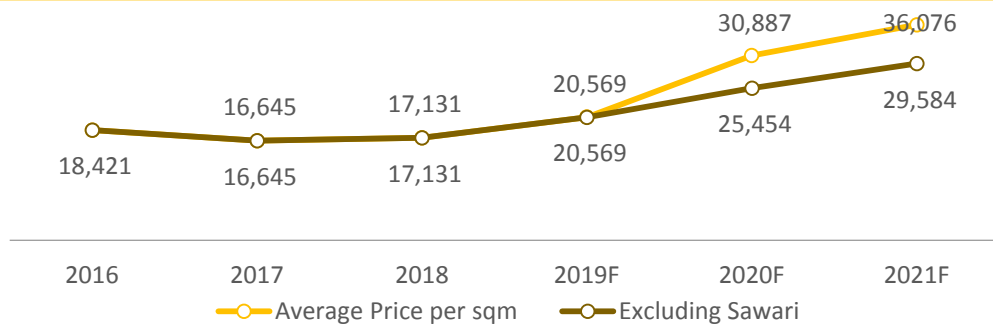
ERC has exhibited solid growth in contracted sales

Unit Collections | EGP mn



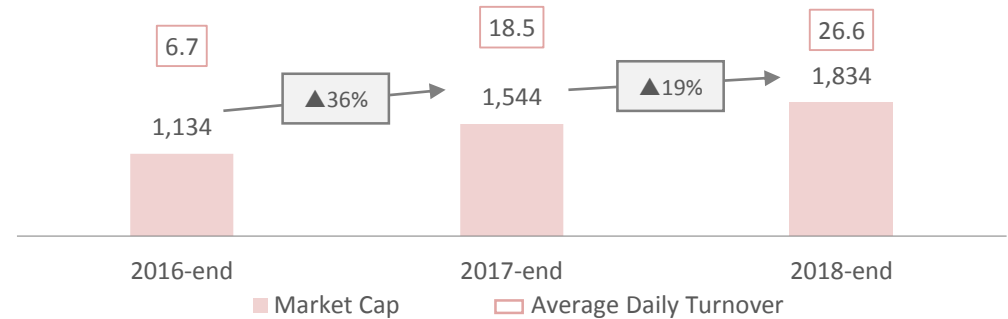
.... Unit cash collections have also remained strong

Property Appreciation | Average EGP/sqm



Property values are expected to remain on an upward trajectory....

Market Cap | EGP mn



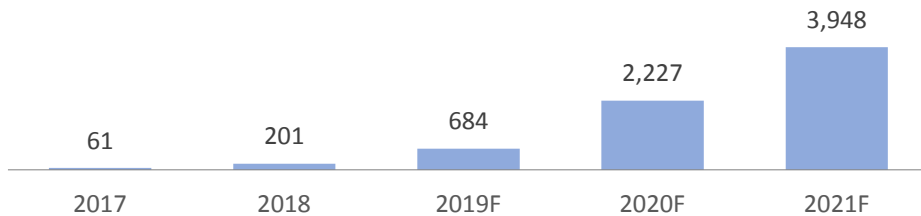
.... driving value for ERC's shareholders.



Delivering on Restructuring Strategy Across Business Lines

Real Estate Development

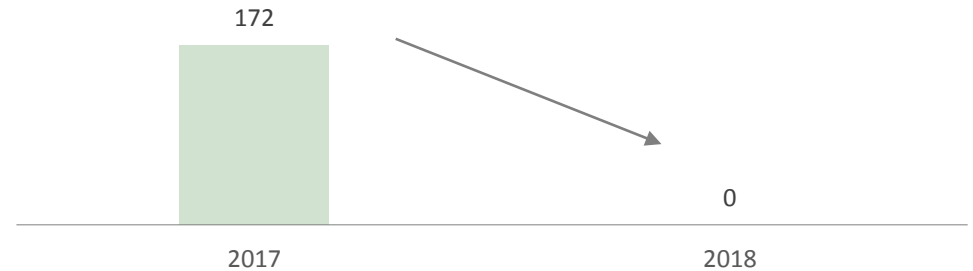
Backlog | EGP mn



Backlog doubled between 2017 and 2018 and is expected to grow exponentially

Land Sales and Development

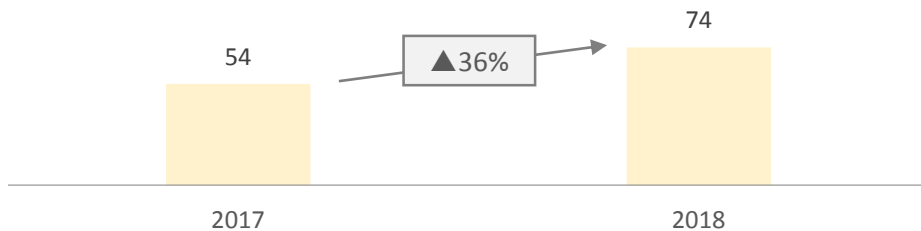
Land Sales | EGP mn



Land sales were halted in 2018 order to restrict supply to enhance prices/land bank value and adopt a more careful approach to the selection of developers

Infrastructure Development

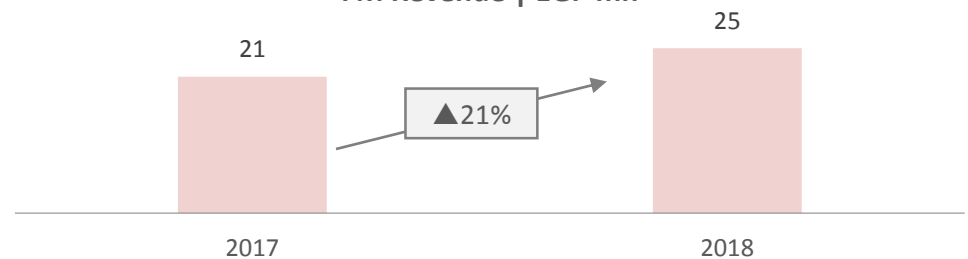
Utilities Revenue | EGP mn



Revenues from utilities grew almost 36% y-o-y driven by volume and price growth

Facility & Community Development

FM Revenue | EGP mn

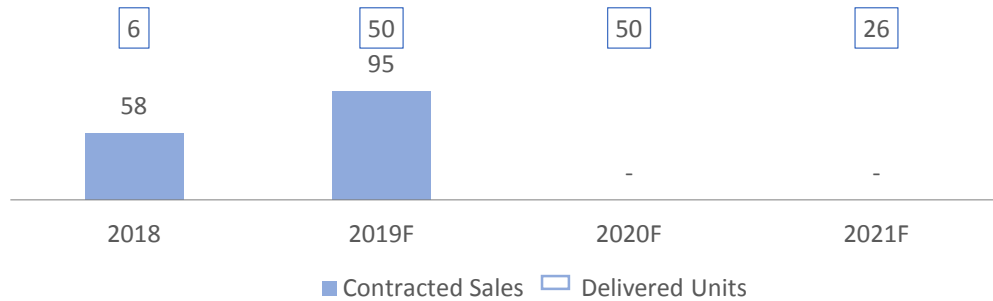


FM revenues are growing, but collections remain challenging



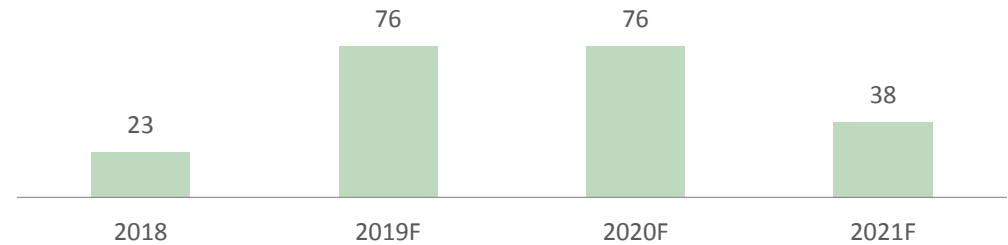
Tawaya – Key Highlights

Contracted Unit Sales | EGP mn



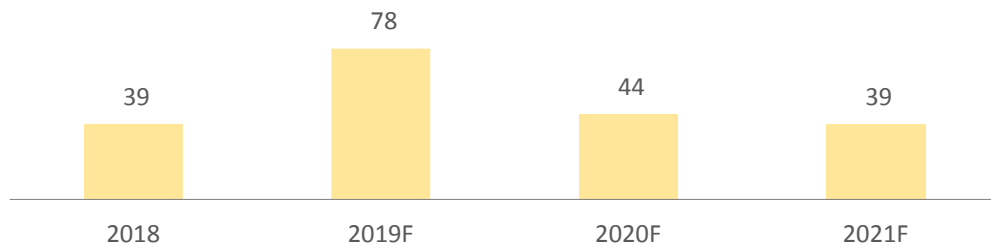
With 79% of Tawaya now sold, ERC expects contracted unit sales to ramp up in 2019 and sell out by year-end

Recognized Revenue | EGP mn



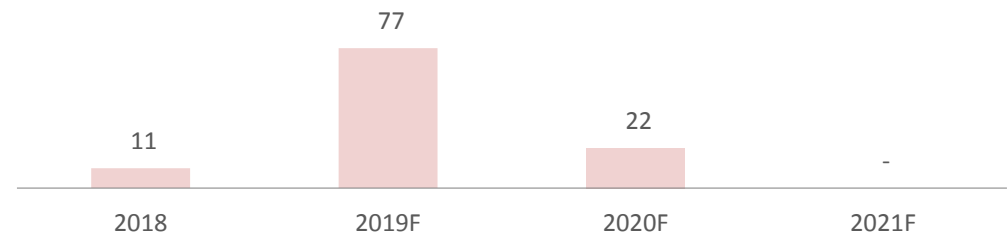
The rate of revenue recognitions will be expedited in the medium-term, driven by further delivery of its units

Collections | EGP mn



Collections are expected to stabilize going forward once the project's remaining inventory is sold in 2019

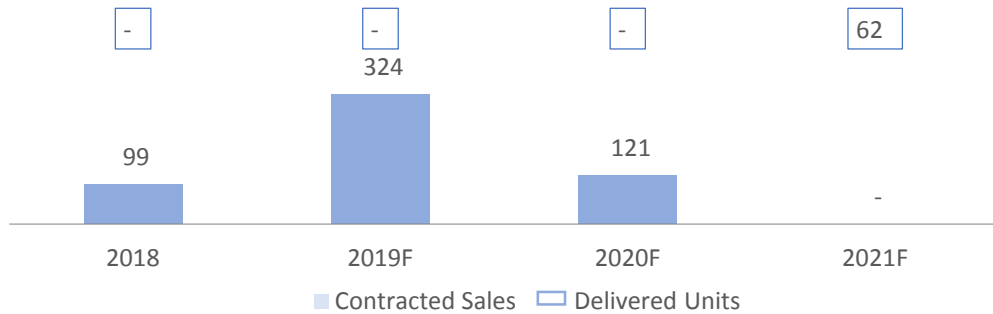
Project Cost | EGP mn



While costs will drop as deliveries press ahead, improving the project's cash flows

Bay Village – Key Highlights

Contracted Unit Sales | EGP mn



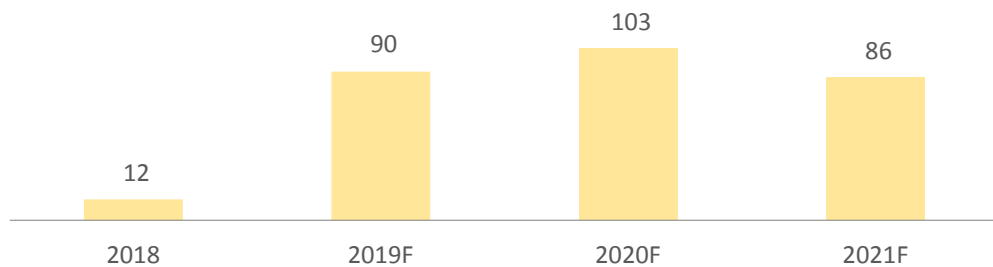
After its successful launch in October 2018, unit sales are expected to continue over the next two years with deliveries starting in 2021

Recognized Revenue | EGP mn



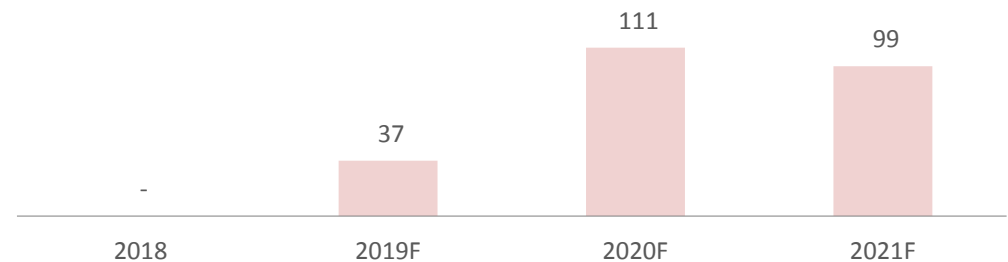
Which in turn will translate into revenue recognition beginning 2021

Collections | EGP mn



Growth in contracted unit sales will ramp up cash collections as new phases of the project are launched over the next two years

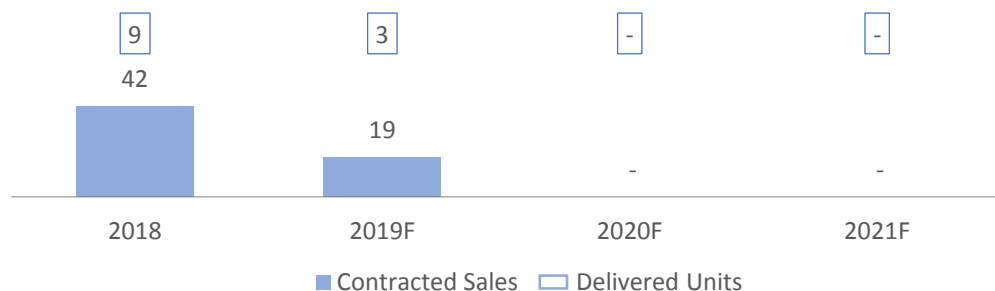
Project Cost | EGP mn



Project costs are also expected to grow over the medium term as project development progresses

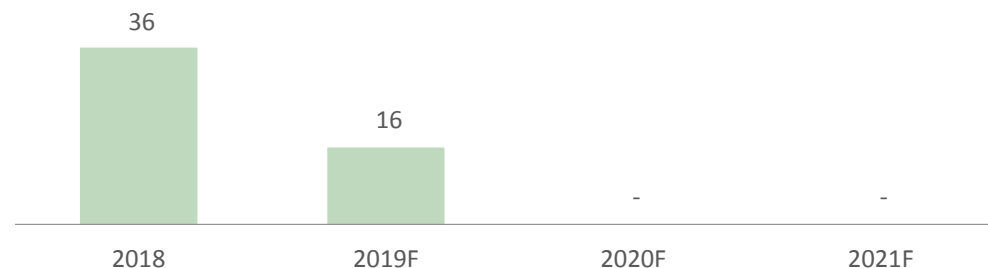
Jamaran – Key Highlights

Contracted Unit Sales | EGP mn



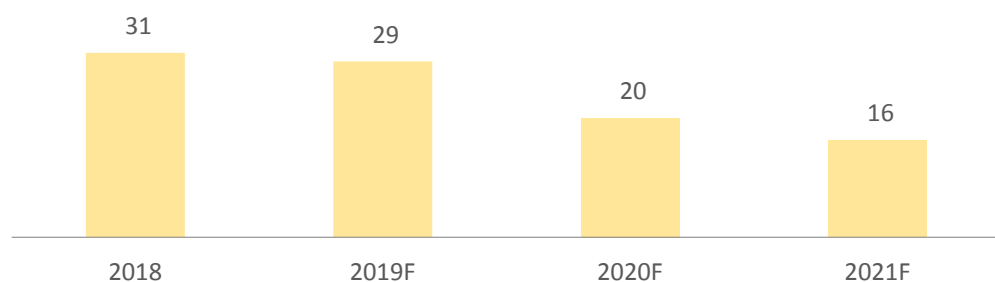
Intensified marketing saw ERC speed up sales at its Jamaran development, with sales completion and delivery on schedule

Recognized Revenue | EGP mn



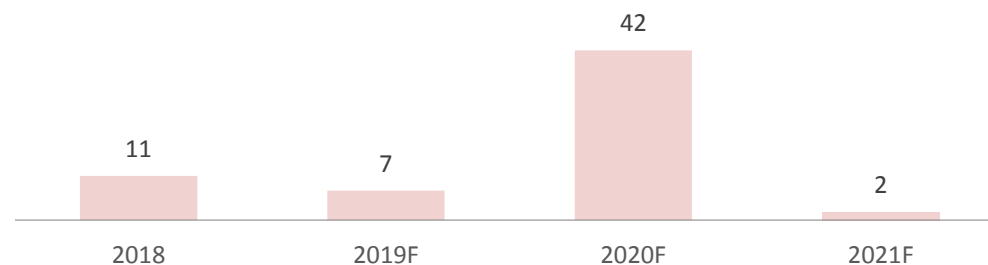
With its recognized revenues expected to be fully realized by year-end

Collections | EGP mn



With Jamaran expected to be fully sold in 2019, cash collections from the project will fall gradually over the medim-term

Project Cost | EGP mn

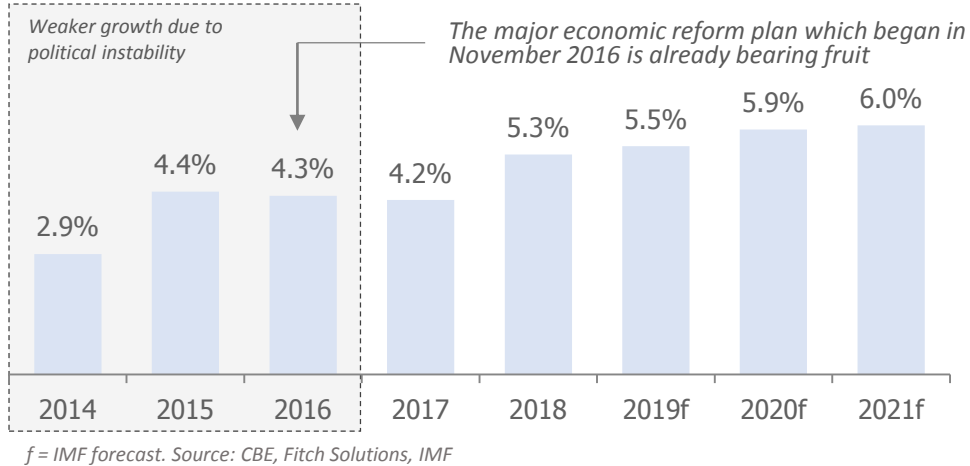


With the bulk of remaining construction works to be complete in 2020

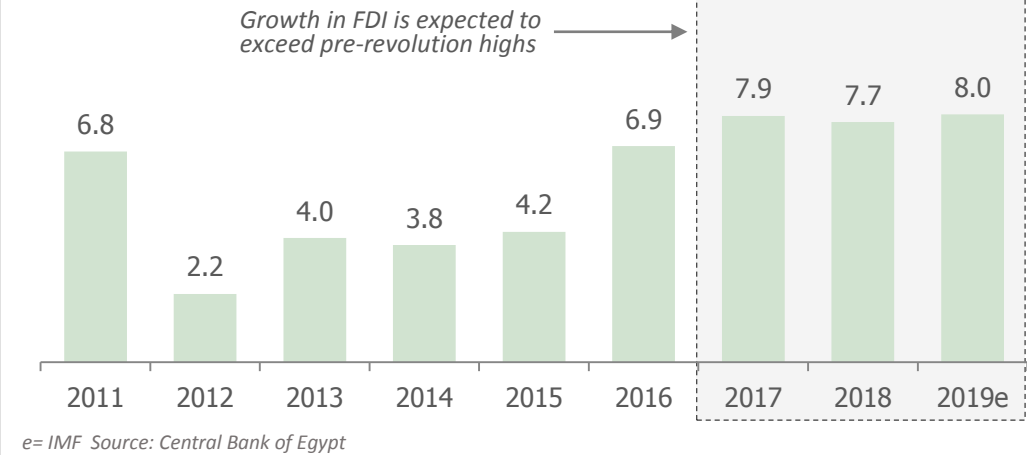


Supported By Strong Macroeconomic Recovery

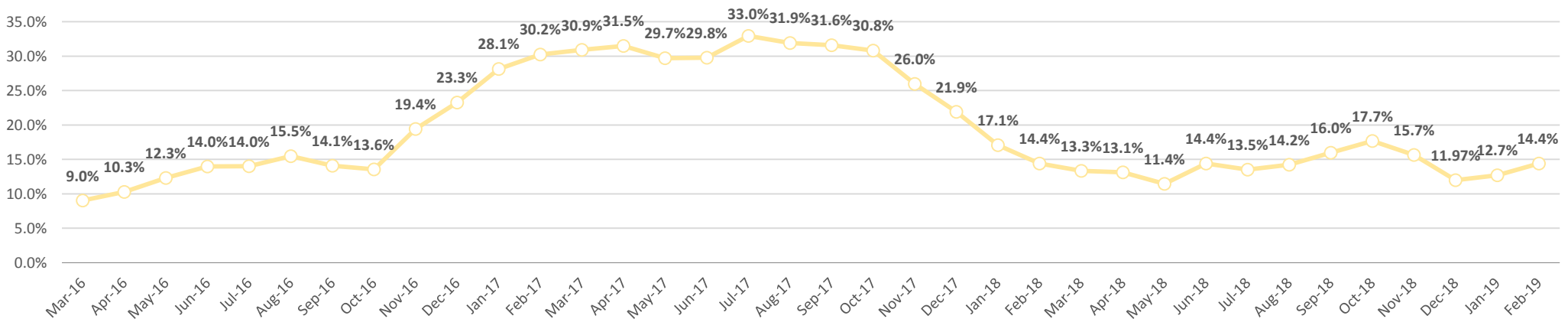
Accelerating Real GDP Growth



Net Foreign Direct Investment on the Rise | USD Billion



Inflation Levels Receding to Normal Ranges (Y-o-Y)



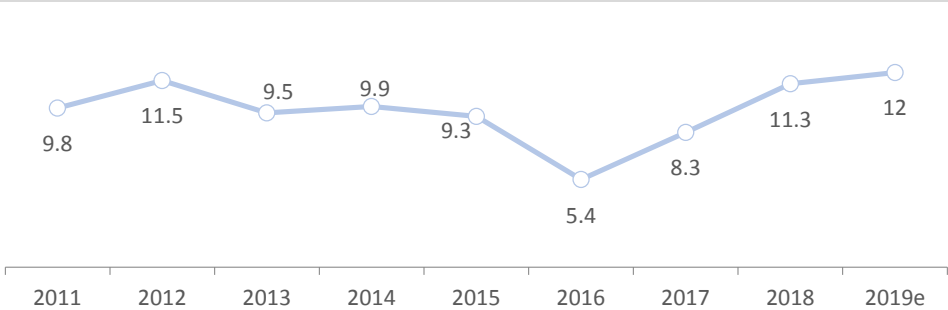
Source: Central Bank of Egypt



Supported by Favorable Tourism Market Trends

Continued Recovery in the Tourism Industry

Tourist Arrivals | Millions

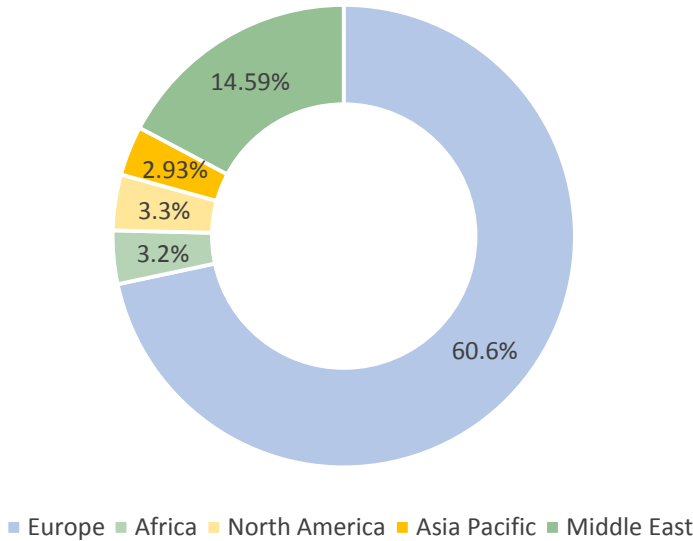


After a period of uncertainty, tourist arrivals continue to recover with Egypt becoming the destination of choice among UK, Central and Eastern European markets

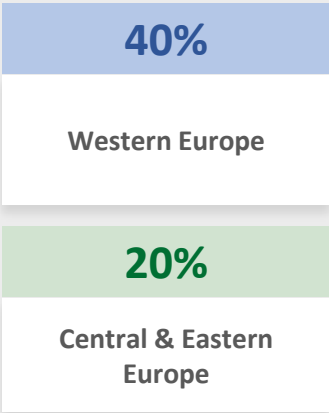
Tourist arrivals during 2018 increased by 36% Y-o-Y

Source: CAPMAS, Al Mal

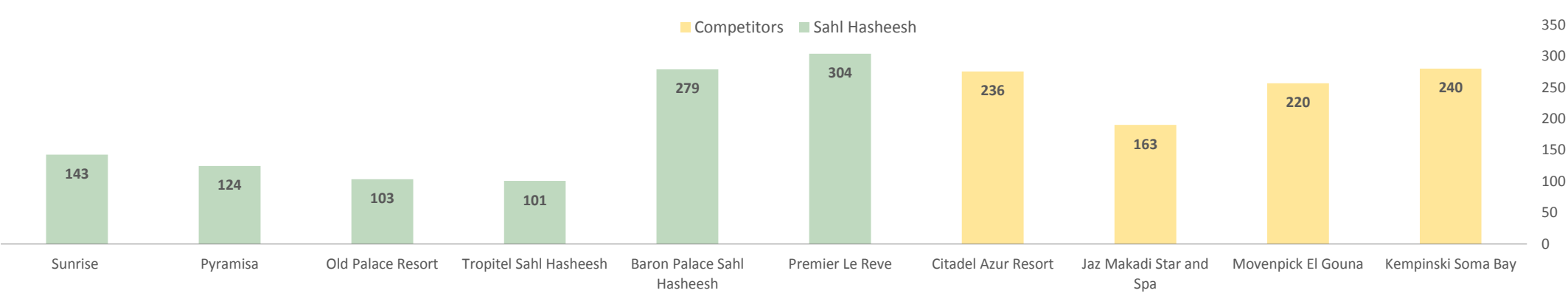
Profile of Tourists



Europeans represent the majority of tourists to Egypt, accounting for c. 60% of the total number of arrivals:



Average Room Rates | USD

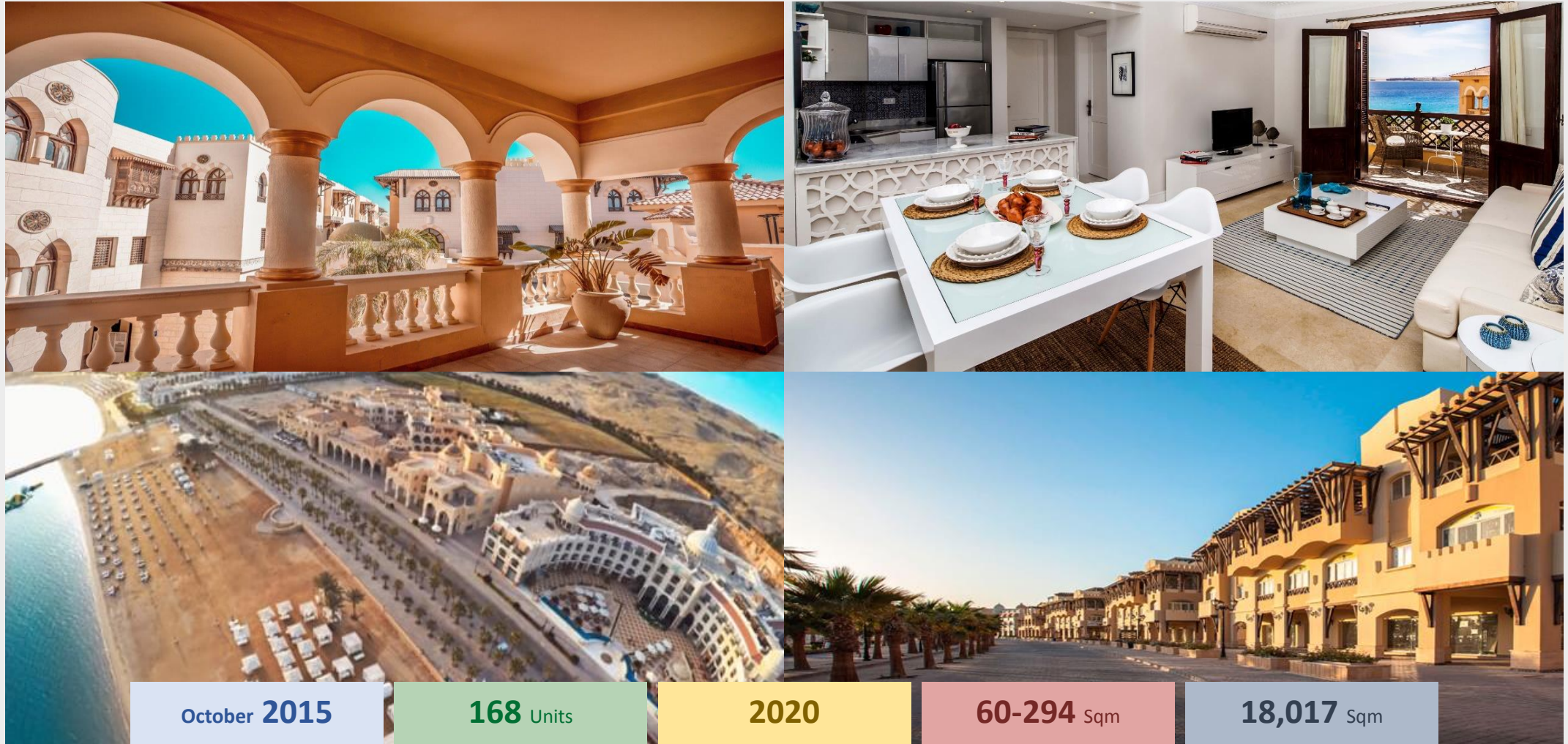


Projects Portfolio: Bay Village



October 2018	202 Units	2023	40-140 Sqm	18,518 Sqm
Sales window opened	# of units	Expected full project completion	Unit sizes	Sellable BUA

Projects Portfolio: Tawaya



October 2015

Sales window opened

168 Units

of units (including roofs)

2020

Expected full project completion

60-294 Sqm

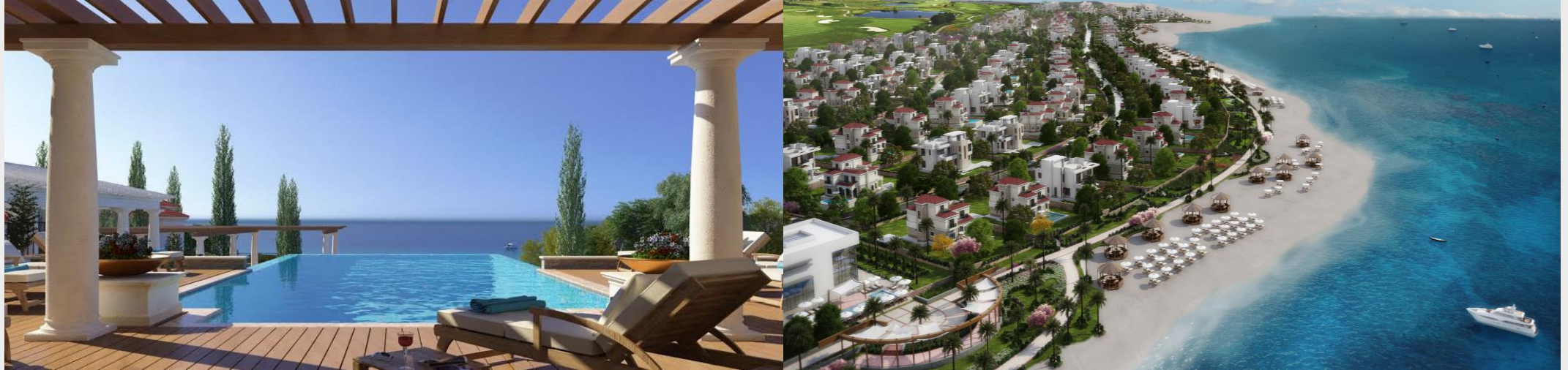
Unit sizes

18,017 Sqm

Sellable BUA



Projects Portfolio: Jamaran



36 Units

of units

2020

Expected full project completion

318 - 380 Sqm

Unit sizes

10,880 Sqm

Residential BUA



Water & Irrigation

Management of ERC's desalination plant and water treatment equipment is subcontracted for a fixed fee, while water is sold at market rates



Water & Irrigation

14,000 m³ / day desalination plant

Water network of 31,283m

Water storage capacity of 12,000 m³

Main irrigation network of 16,994m

Surface irrigation network of 113,317m

Irrigation water storage capacity of 6,000m³

Pumps facility of 19,200 m³/day

Sewage Treatment


7,500 m³ / day waste water treatment facility

8 operative lift pump stations

The main network of 14,085 m and gravity network of 26,069 m



Electricity



ERC is a licensed electricity generator and distributor with an electricity sub-station in the design phase

Key Facts

20 MVA capacity

5 electrical networks (128,478 m) were established to serve phases 1 and 2

74,207 m of power cables were installed for internal road lighting

Operational Update

A contract was signed with Canal Company to supply 20 MVA of electricity

An approval was received to establish a 22/66 KV substation with production capacity of 100 MVA to cover phases 1 and 2 future requirements



ERC's IT equipment and fiber optic networks support high-speed internet, video on demand, internet protocol television among other services

Key Facts

13,000 m fiber optic network

4,500 m sub-fiber optic network

ERC's revenue share = 10%-40% of revenues

13 cellular towers: TEVOTECH/Vodafone & Orange, Noor, and Etisalat selected as business partners

Key Facts (Continued)

iBAHN, leading IPTV, Video on Demand (VOD) service provider, serving all projects

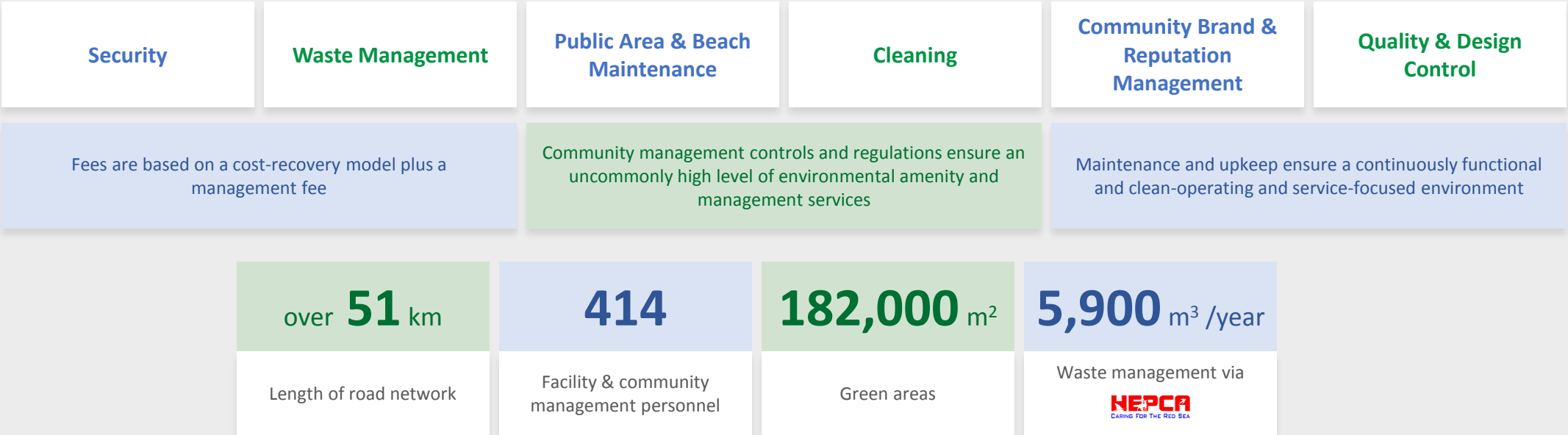
TEVOTECH offering triple-play broadband services to sub-developers

TEVOTECH, Orange, Noor and Etisalat offering high-speed internet services to sub-developers

Facilities Management

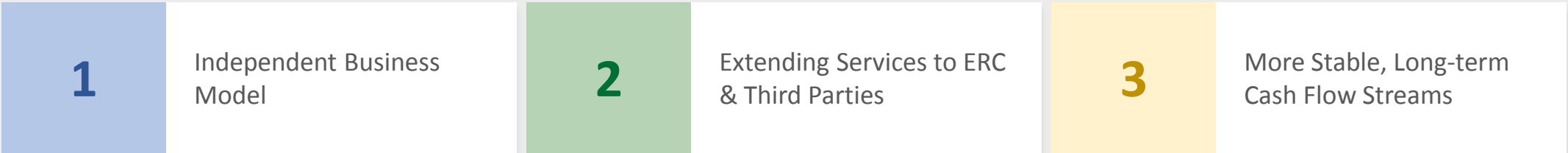
ERC provides a comprehensive range of maintenance and facility management services

Facility Management Capabilities



Facility Management Capabilities

As part of ERC’s growth strategy, the Company has plans to spin off of its Facilities Management division into an independent entity:





Sahl Hasheesh: ERC's Flagship Master Development

Sahl Hasheesh: ERC's Flagship Master Development



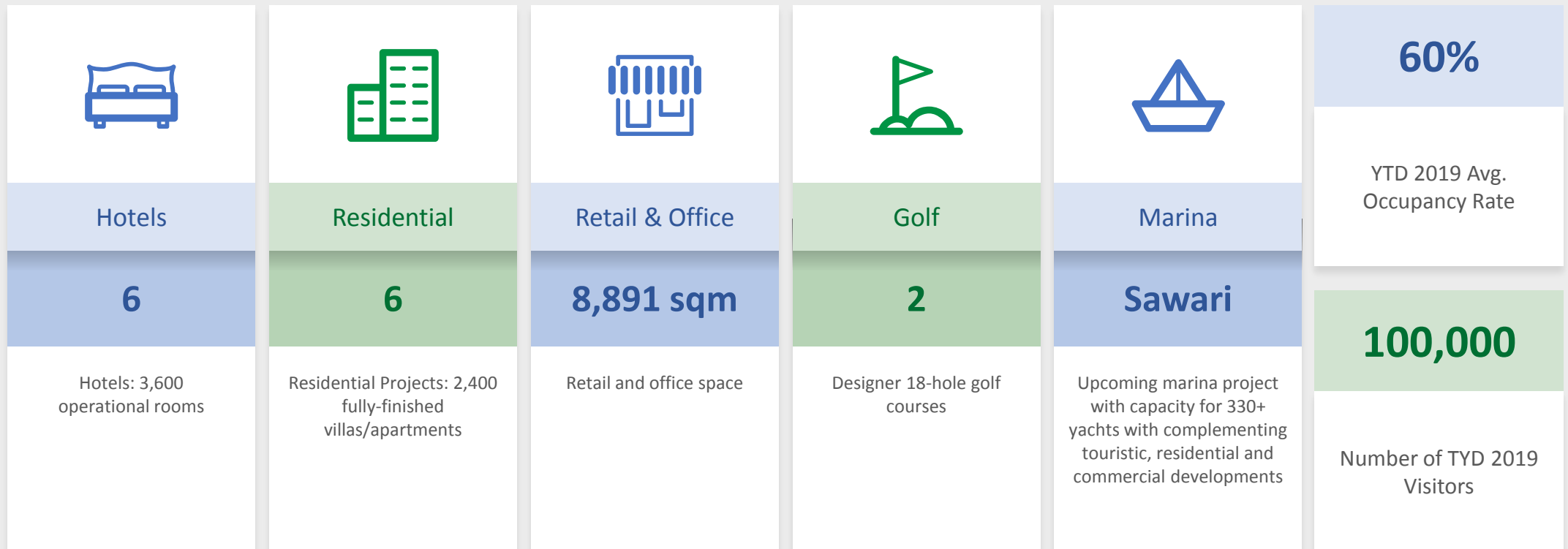
Sahl Hasheesh is a unique, purpose-built Red Sea destination 18 km south of Hurghada International Airport and approximately 470 km from Cairo. The year-round development is situated on a bay long renowned as a world-class diving and seaside destination and includes a 12.5 km shoreline.

Investors & Sub-Developers			Tourists & Residents
Controlled Supply	Superior Infrastructure	One-Stop-Shop	Community Management in an Upscale Development
Strategically-released land phases based on development and ROI protection	“Plug-and-Play”: full-fledged infrastructure with developers simply “plugging” in upon project completion	Investors and developers deal only with ERC, while ERC secures licenses, approvals, building permits and land registration	<ul style="list-style-type: none">Architectural integrity and cohesionCommunity management controls and regulationsMaintenance and upkeepFull services and amenities

Planning Partners

Sahl Hasheesh By Numbers

Phases I and II of Sahl Hasheesh are currently home to around 3,600 hotel rooms and suites managed by brands including Premier Le Rêve, Sunrise Romance, Pyramisa, Tropitel, Old Palace and Baron, and Azzurra Boutique Hotel in addition to almost 2,400 residential units. Five of our hotels are among the top 10 picks on Trip Advisor.



Key Developers



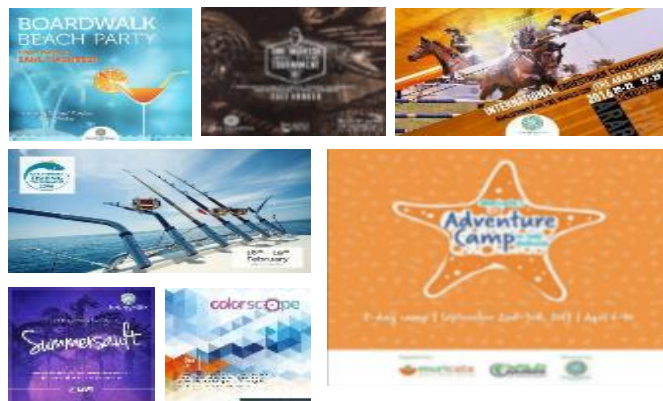
Events in 2018



Sahl Hasheesh hosted the **bi-annual triathlon with Trifactory** during 2018, an event which has been held at Sahl Hasheesh every spring and winter over the last four years, with more than 1000 athletes from Egypt and across the world competing in a variety of exciting races, and the seventh annual Sahl Hasheesh Triathlon endurance festival, featuring athletes from more than 30 different countries



Sahl Hasheesh recently hosted the first edition of its Motor Festival, which featured five different races alongside a vintage car show



In March 2018, ERC hosted “Sahl Hasheesh 1st Hybrid Electric Car Challenge”. In April 2018, ERC hosted a major Equestrian competition and Easter Holidays activity on Sailors beach and Bus Stop

As part of ERC’s efforts to promote Sahl Hasheesh as a destination of choice, we hosted the “K, bye!” mini festival organized by byGanz, one of the top event-organizers in the country. The festival featured a line up of some of the tech-house music renowned DJ’s, including its headliner, world-renowned DJ Solomun. The two-day festival, which took place on December 28-30, brought together DJs and electronic sounds from Egypt, Spain, France, Germany, Lebanon and several others from all over the world and was attended by thousands of guests from various countries.

Community Development

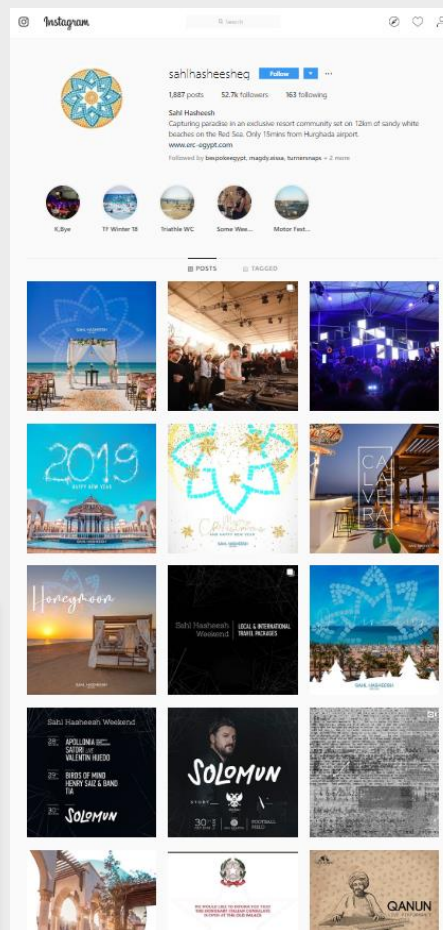
Community Development in 2018



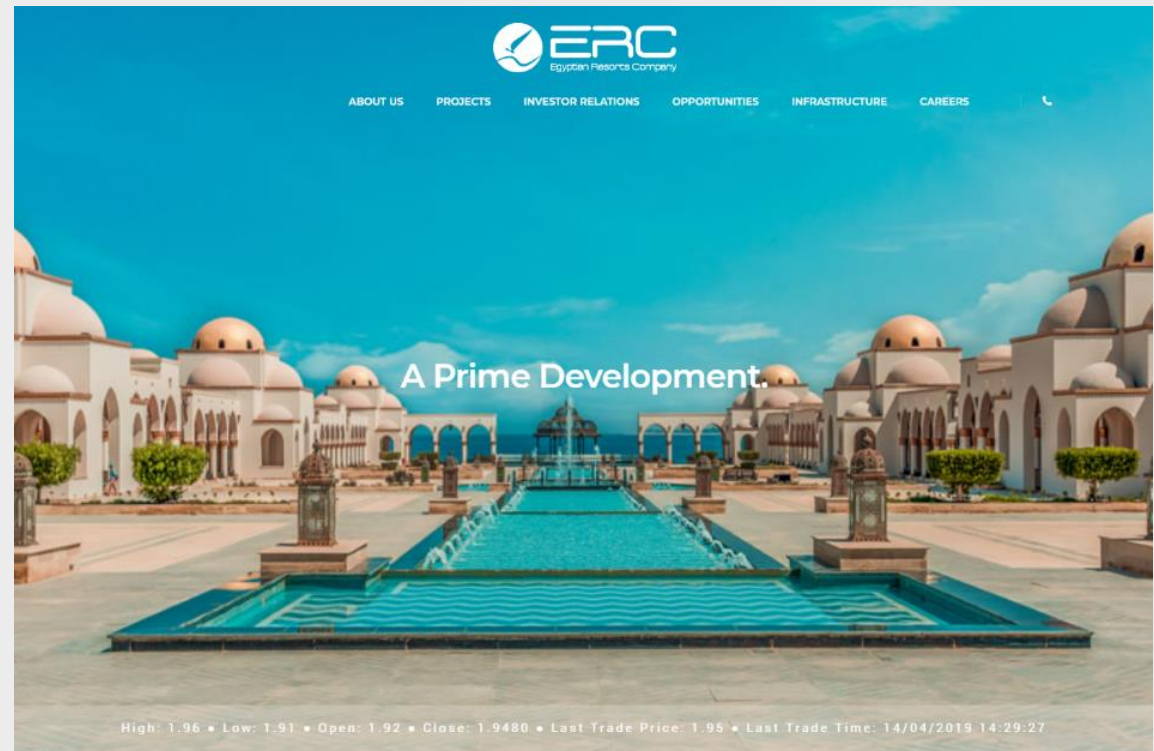
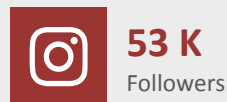
Sahl Hasheesh and Uber Egypt launched a collaboration on the Tuk Tuk service where residents and guests can use Uber to hail rides within Sahl Hasheesh



Community Development



We are continuing to expand our digital marketing footprint. Our social media following has grown considerably over the past year and we are preparing for the revamp of our community website and are adding to our online media channels.



Internationally, Sahl Hasheesh is continuing to position itself as a competitive destination in Egypt with strong participation in tourism trade shows (ITB Berlin and WTM London) as well as promoting destination weddings in Sahl Hasheesh with the European market.

A balcony with a view of a coastal city and the ocean. The balcony features a white balustrade and a large potted plant. The view includes a beach, palm trees, and a pier extending into the turquoise sea under a clear blue sky. A semi-transparent circular graphic is overlaid on the left side of the image.

Financial Performance

Consolidated Income Statement

	EGP	FY-2017	FY-2018	Change
Sales				
Operating Revenue		206,593,285	60,193,554	-71%
Sales Return		(780,847)	(32,805,643)	
2 Revenue from rendered services		75,255,074	98,917,800	31%
1 Total Revenues		281,067,512	126,305,711	-55%
COGS				
Cost of Sales		(63,733,480)	(47,077,509)	-26%
Cost of returned sold land		236,077	10,390,619	
Operating cost of rendered services		(115,401,193)	(132,686,165)	15%
Gross Operating profit (loss)		(178,898,596)	(169,373,055)	-142%
Other Income		6,113,823	10,461,535	71%
Selling and Marketing Expenses		(30,672,320)	(30,705,110)	0.1%
General and Administrative Expenses		(42,002,997)	(41,905,130)	-0.2%
Other Expenses		(5,135,933)	(40,589,249)	690%
3 Operating profit (loss)		30,471,489	(145,805,298)	-578%
Deferred Interest		39,951,851	55,313,509	38%
Net Finance Income (Cost)		9,996,346	4,685,796	-53%
EBT		80,419,686	(85,805,993)	-207%
Income tax		(23,681,961)	0	-100%
Deferred tax		12,725,057	10,573,199	-17%
4 Net Income		69,462,782	(75,232,794)	-208%
Attributed to the Holding Company		62,585,787	(71,987,185)	-215%
Minority Interest Share		6,876,995	(3,245,609)	-147%

1

- The decrease in total revenue reflects the company's decision to halt land sales during 2018 **as part of its strategy to expand its business model beyond master development and increasingly focus on residential and commercial real estate development** as the primary growth driver going forward. This was coupled with a decrease in sales returns as ERC cancelled several contracts one of which is a sales contract of EGP 23 million for land sold in 2015.
- Factoring out revenue from land sales in FY 2017, the company's top-line **would record an 11% y-o-y increase in FY 2018**

2

- This rise in service revenue (up 31% y-o-y) in 2018 reflects marked growth in demand for infrastructure and facility management services on the back of rising hotel occupancy and unit deliveries.

3

- ERC has also taken significant steps in reaching settlement agreements with delinquent accounts and collecting past dues as it seeks to clean up legacy A/R.
- These efforts have resulted in non-recurring expenses of EGP 73 million**, consisting of EGP 23 million in land cancellations related to land purchased in 2015, EGP 13 million in exchange rate related losses and EGP 37 million in bad debt provisions on the back of the company's new credit policy.

4

The overall decline in revenues over a relatively stable operating cost-base, combined with the EGP 73 million in non recurring expenses, led to a net loss of EGP 75.2 million during FY18 against a net profit of EGP 69.5 million during FY17



Consolidated Balance Sheet

EGP	31/12/2017	31/12/2018
Fixed Assets (net)	103,174,397	106,068,048
Real Estate Investments	148,040,655	134,887,436
Projects in Progress	12,532,922	12,883,727
4 Accounts and Notes Receivable (Net)	470,856,774	403,816,773
Long Term Time Deposits	43,585,500	43,953,000
1 Total Long term Assets	778,190,248	701 608 984
Work in progress	590,732,316	602,137,671
Assets Held for Sale	528,134	528,134
Inventory	2,712,995	3,347,892
Accounts and Notes Receivable (Net)	913,886,102	1,007,907,726
Various debtors and other debit balances	30,744,671	17,338,478
Cash on hand & at bank	122,116,103	97,071,407
2 Total Current Assets	1,660,720,321	1,728,331,308
Total Assets	2,438,910,569	2,429,940,292
Claims Provision	29,208,214	31,964,367
Receivables - Advance payments	175,671,520	281,677,369
Sundry creditors and other credit balances	282,467,453	281,548,288
Due to authority of touristic development	140,316,098	134,912,381
Estimated cost for development of sold land	164,405,149	157,244,970
Income tax	23,681,961	-
3 Total Current Liabilities	815,750,395	887,347,375
Issued and Paid in Capital	1,050,000,000	1,050,000,000
Legal Reserve	146,057,902	147,814,865
Retained Earnings (Losses)	(247,516,959)	(321,261,107)
Holding Company's Shareholders' Equity	948,540,943	876,553,758
Minority Interest	(16,555,726)	(19,801,335)
Total Shareholders' Equity	931,985,217	856,752,423
Deferred tax liability (Net)	69,860,819	59,287,620
Purchase of Land Creditors	621,314,138	626,552,874
Total long term Liabilities	691,174,957	685,840,494
Total Liabilities & Equity	2,438,910,569	2,429,940,292

1

In terms of long-term assets as at FY18:

- A decline in long-term accounts and notes receivable due to increasing bad debts provisions.
- Management is in the process of resolving outstanding receivables due from ERC corporate costumers through a combination of rescheduling's, debt for equity/asset swaps and terminations/sales returns.

2

In terms of Current Assets as at FY18:

- Inventories increased y-o-y given the higher amount of works
- Receivables in general have increased due to increase in contracted sales.

3

In terms of Current Liabilities as at FY2018:

- Receivables-Advance Payments rose to c. EGP 281.7 Mn on the back of higher down payments recorded for Tawaya and Jamaran units in addition to lands contracted since year end 2017

4

Resolve outstanding receivables due from our corporate customers through a combination of rescheduling's, debt for equity/asset swaps and terminations/sales returns.



Corporate Governance

ERC believes that a robust, proactive approach to corporate governance is vital to the interests of both the individual company — boosting investor confidence by protecting the value of their shares — and the business community by providing a regulatory framework for healthy competition.

The Board

Mr. Ahmed Abou-Hendia
Non-Executive Chairman

Mr. Mohamed Kamel
Vice Chairman

Mr. Wael El Hatow
Chief Executive Officer

Dr. Hamza Al Kholi
First Arabian Development & Investment

Mr. Hussein Abuseda
Rowad Tourism

Mr. Mohamed El Saeed Ibrahim Taaema
Rowad Tourism

Dr. Khaled Abdelaziz Moh'd Hegazy
Misr Life Insurance

Mr. Mohamed Sherif
Misr Insurance

Mr. Mohamed El Saeed Saad Daabis
Misr Insurance

Mr. Mohamed Samir Abdel Fatah
Red Sea Hotels

Mr. Tarek Samir Abdel Fatah
Red Sea Hotels

Dr. Eskander Tooma
Independent Member

Dr. Gamal Elsaheed
Independent Member

Committees

Audit and Governance Committee

Members

**Dr. Khaled
Abdelaziz Hegazy**

**Mr. Mohamed
Daabis**

**Mr. Maged Abd
ElRazek**

Nomination & Remuneration Committee

Members

**Mr. Mohamed
Kamel**

**Mr. Ahmed
Abu Hendia**

**Dr. Eskander
Tooma**

**Mr. Mohamed
El Saeed Ibrahim
Taaema**



Investor Information – Shareholders & Analyst Coverage

EGTS.CA

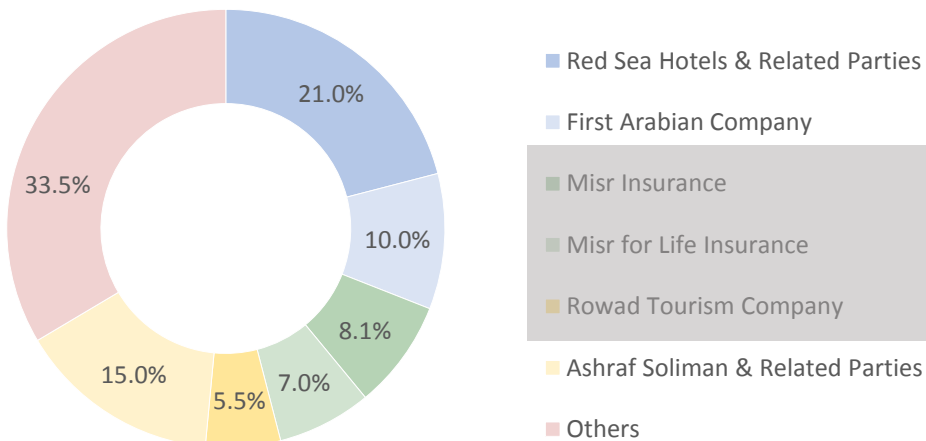
Authorized Capital **EGP 2,000,000,000**

Paid in Capital **EGP 1,050,000,000**

Issued Shares **1,050,000,000 Shares**

Listing Venue **The Egyptian Stock Exchange**

Listing Date **10/02/1999**



Analyst Coverage



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Name: Adham Hesham
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Name: Mayar El Ashry
Email: mayar.elashry@pharosholding.com



Name: Mohammad Kamal
Email: mohammad.kamal@arqaamcapital.com



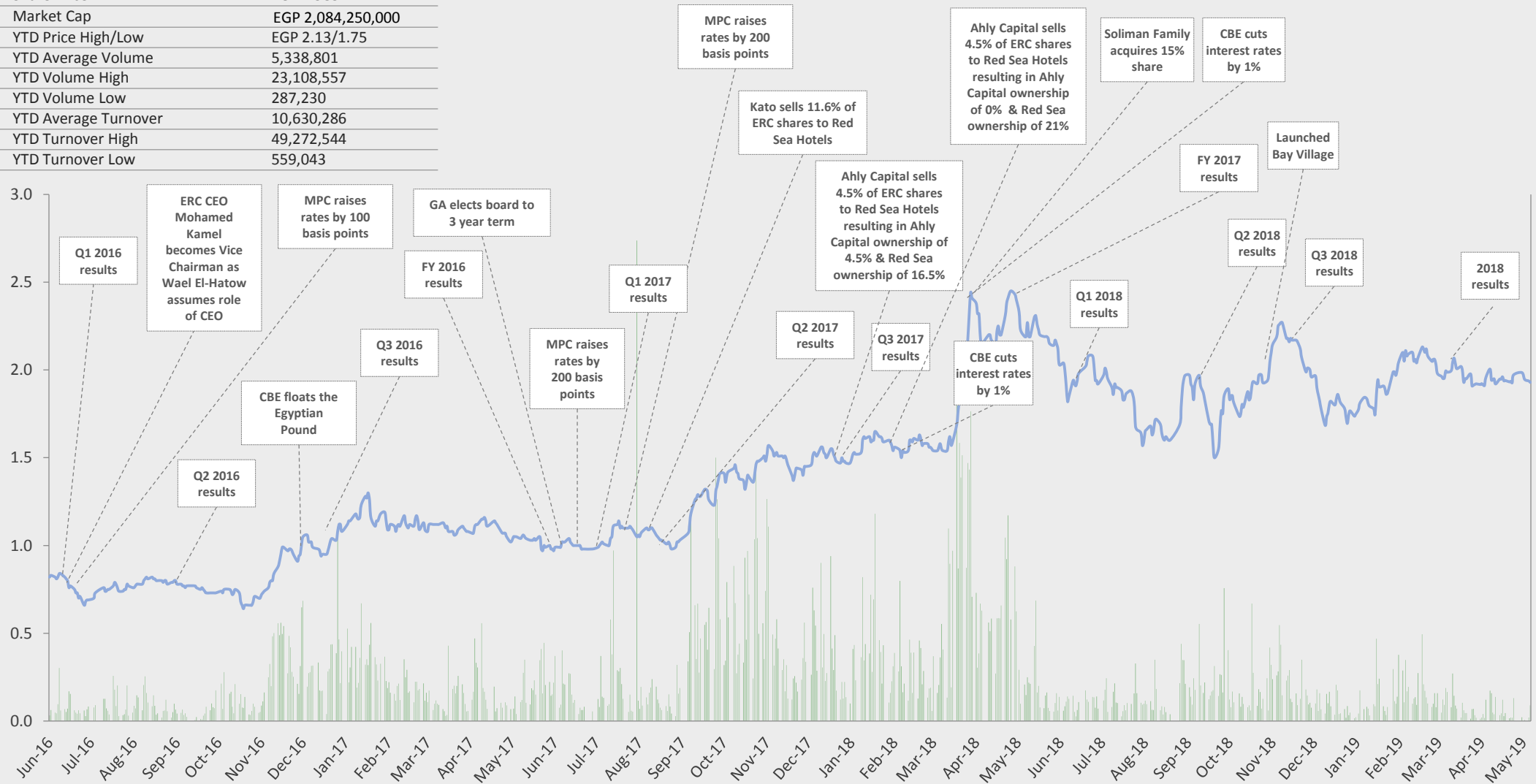
Name: Amir Badran
Email: amir.badran@naeemholding.com



Investor Information-Stock Information

Egyptian Resorts Co SAE (EGTS)	30/04/2019
Share Price	EGP 1.985
Market Cap	EGP 2,084,250,000
YTD Price High/Low	EGP 2.13/1.75
YTD Average Volume	5,338,801
YTD Volume High	23,108,557
YTD Volume Low	287,230
YTD Average Turnover	10,630,286
YTD Turnover High	49,272,544
YTD Turnover Low	559,043

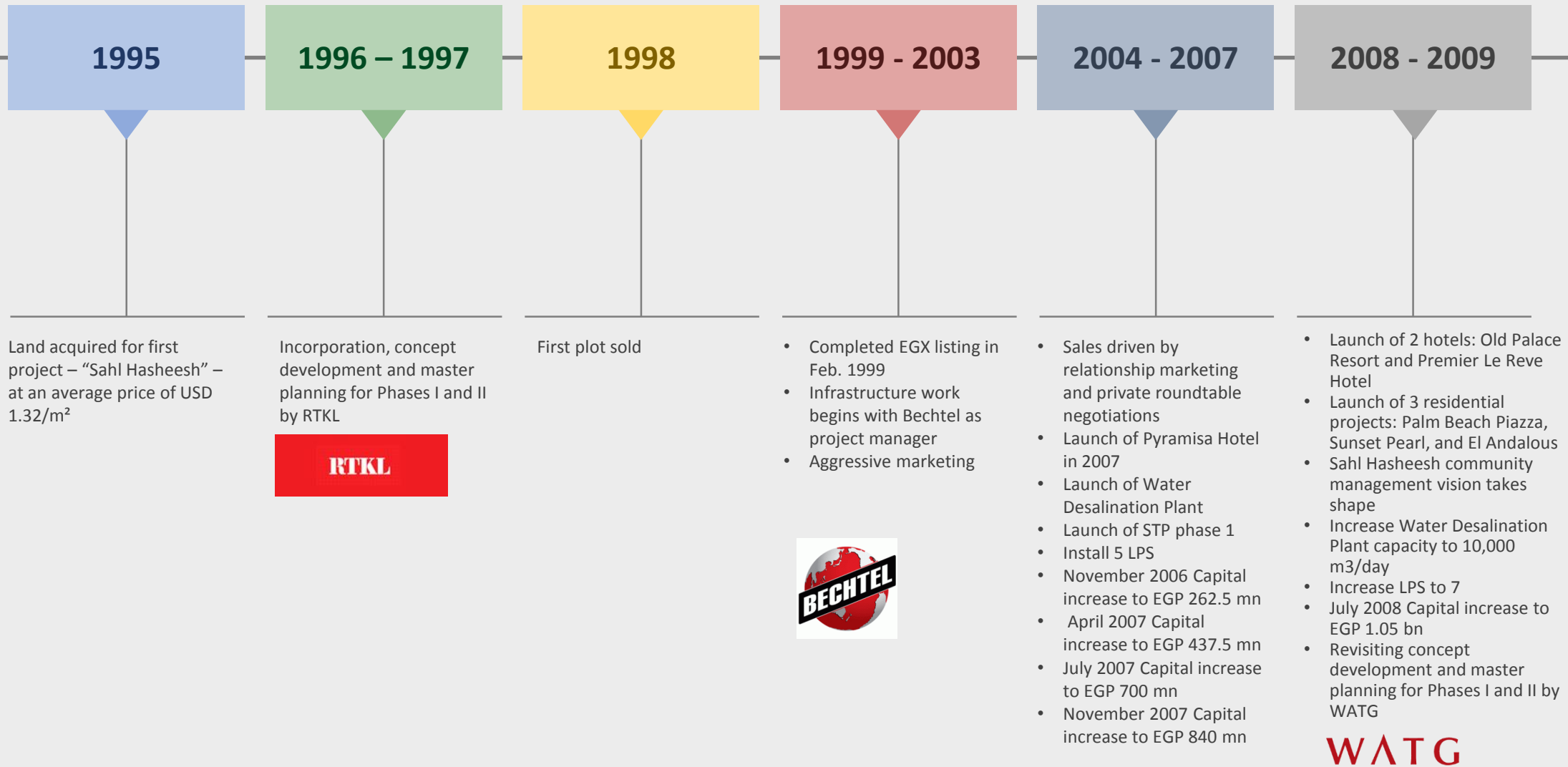
Egyptian Resorts Co SAE – Stock Performance Chart



A night scene of a rooftop infinity pool. In the background, a large, ornate gazebo with a multi-tiered roof is illuminated from within, casting a warm glow. The gazebo has intricate wooden carvings and a central table with chairs inside. The pool in the foreground is calm, reflecting the lights from the gazebo and the dark sky. The horizon line is visible in the distance, where the pool meets the sea under a deep blue night sky.

Appendix

ERC's History & Milestones



ERC's History & Milestones

2010 - 2013

- Launch of 2 hotels: Premier Romance and Tropitel
- Launch of 3 residential projects: Ocean Breeze, Azzurra, and Veranda
- Launch of the Commercial Hub of the Old Town
- Launch of ERC's first real estate project: Jamaran villas on sea front land plot
- New management builds on internal structure, taking company to next level in its lifecycle – key support functions included in HR plan
- Detailed development of community services and utilities reticulation model
- ERC launches its CSR program and teams up with INJAZ Egypt to help improve education in Egypt
- Increase Water Desalination Plant capacity to 14,000 m3/day
- Launch of STP phases 2 and 3 production at a capacity of 7,500 m3/day



2014

- Launch of Baron Hotel
- Advertising and sales efforts to finalize Jamaran sales



2015

- ERC earns substantial profits from land sales to sub-developers
- Receiving TDA approval to redefine the boundaries of Sahl Hasheesh's Phase 2
- Launch of ERC's second real estate project: Tawaya, SHC's joint project with PHD, within 12-18 months



2016-2018

- New management moves forward with internal processes optimization, digitalization of operations and organizational restructuring to support ERC's enhanced business model as a master developer
- Launch of Premier Romance Suites Hotel
- Launch of Amaros seafront twin villas
- Launch of Bay Village
- Launch B2C customer service
- Install desalinated water reject pipelines in 2018



2019 onwards

- Plans to launch multiple real estate projects
- Continue process digitalization and optimization
- Launching TFM services
- Expansion of sales network and brand building
- Geographic diversification
- Managing high rates of growth

