

Orascom Development Egypt (ODE) (EGX: ORHD.CA) has released its consolidated financial results for Q1 2019.

ODE starts the year with strong positive operational and financial results across all its destinations. Growing its total revenues by 28% to EGP 838 million and its net real estate sales by 283% to EGP 1.5 billion.

Group Highlights:

- Net sales increased by 282.8% to EGP 1.5 billion vs. EGP 397.6 million in Q1 2018.
- Real Estate revenues recorded a 118.0% increase to EGP 320.7 million in Q1 2019.
- Hotels revenues started the year with a 20.5% increase to EGP 357.3 million accompanied by a 25.1% in GOP to EGP 158.7 million in Q1 2019.
- Town management revenues increased by 30.5% to EGP 159.6 million in Q1 2019.
- ODE's total revenue grew by 27.9% to EGP 837.6 million in Q1 2019.
- EBITDA up 9.1% to reach EGP 315.2 million in Q1 2019 with a 37.6% margin.
- Cash from operations up 96.0% to EGP 217.0 million vs. EGP 110.7 million in Q1 2018.
- Net income grew by 33.9% to EGP 111.3 million in Q1 2019.
- Working diligently with our banks to restructure the debt to be finalized in 1H 2019.

Cairo, 12 May 2019 - Orascom Development Egypt started the year on solid grounds with strong operational and financial results across all business segments. The strong growth during the first quarter of the year was driven by significant increase across all business segments. Revenues grew by 27.9% to EGP 837.6 million vs. EGP 654.9 million in Q1 2018. Gross profit reached EGP 243.4 million during the period, reflecting a gross profit margin of 29.1%. EBITDA grew by 9.1% y-o-y to EGP 315.2 million, translating into an EBITDA margin of 37.6%. Cash from operations increased 96.0% to EGP 217.0 million-compared EGP 110.7 million in Q1 2018. Net debt reached EGP 2.7 billion (Q1 2018: EGP 3.1 billion).

The enhanced operation performance across all our segments was reflected on our bottom-line figures. Net income grew by 33.9% to EGP 111.3 million in Q1 2019 vs. EGP 83.1 million in Q1 2018. It is important to note that Q1 2018 figures included Tamweel Group, Royal and Club Azur Hotels that were disposed in Q4 2018. When figures of Q1 2018 are normalized for the revenues of the disposals, then Q1 2019 revenues would have increased by 53.1% vs. EGP 547.1 million in Q1 2018; and net income would have doubled to EGP 111.3 million vs. EGP 55.2 million in Q1 2018.

Group Hotels:

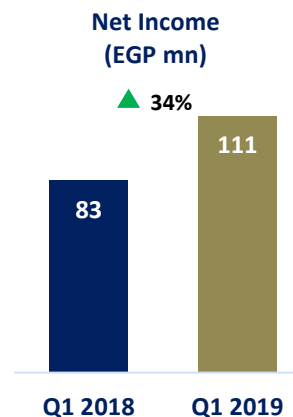
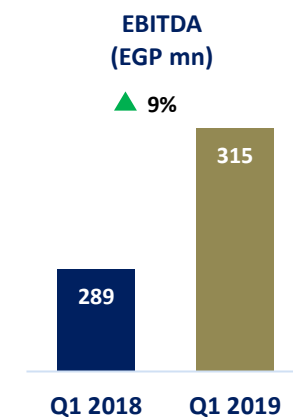
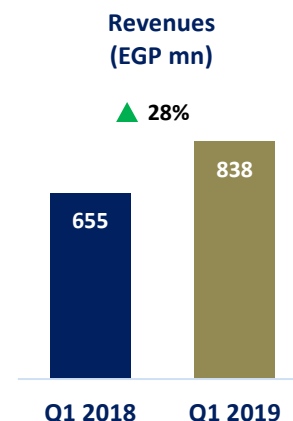
A good start for our hotel segment recording double digit growth of all the main operational KPIs compared to the same period last year. This implied a 20.5% increase in revenue, from EGP 296.6 million in Q1 2018 to EGP 357.3 million in Q1 2019 which resulted in an increase of 25.1% in GOP to EGP 158.7 million in Q1 2019 up from EGP 126.9 million in Q1 2018. GOP PAR jumped from EGP 369 to EGP 460 in Q1 2019 on the back of further improvements in operational efficiencies. The segment reported an Adj. EBITDA of EGP 137.2 million in Q1 2019.

Group Real Estate:

Real estate segment continued its outstanding operational and financial results across all our destinations in addition to our newly launched first home market project: O West. Net real estate sales increased by 282.8% to EGP 1.5 billion in Q1 2019 vs. EGP 397.6 million in Q1 2018. Growth in sales was driven by increase in unit sales in our newly launched project O West, in addition to El Gouna and Makadi Heights. 311 units were contracted representing a growth of 718.4% versus Q1 2018 number of units. Real estate revenues increased by 118.0% to EGP 320.7 million vs. EGP 147.1 million in Q1 2018 on the back of increased deliveries in El Gouna, in addition to the recognized land portion for the sold units in O West. Total deferred revenue plus deferred interest income from real estate that is yet to be recognized till 2021 reached EGP 3.8 billion and total real estate portfolio receivable increased by 89.3% to EGP 5.3 billion.

Group Town Management:

Town management segment continued to grow as a result of the successful restructuring that we started implementing since 2018 in addition to the increase of events and activities across all our destinations throughout the year. Whereby revenues increased by a healthy 30.5% to EGP 159.6 million in Q1 2019 compared to EGP 122.3 million in Q1 2018 signalling more growth.



El Gouna, Red Sea

El Gouna hotels continued to maintain its successful performance with revenue growth of 17.4%, to EGP 296.4 million in Q1 2019 compared to EGP 252.6 million in Q1 2018 and a 17.9% increase in TRRevPAR to EGP 1,326 in Q1 2019 vs. EGP 1,125 in Q1 2018. The ARR's continued its upward trend with an increase of 19.0% reaching EGP 1,111 compared to EGP 934 in Q1 2018. Reported hotels GOP up 14.9% to EGP 148.6 million in Q1 2019 vs. EGP 129.3 million in Q1 2018.

Moving to the hotel's development side, we finalized the renovation of 3 hotels and progressing with another 2 hotels to be finalized in Q2 2019. The full renovation of Cook's Club Hotel (144 rooms) is planned to be finalized in August 2019. Furthermore, we are progressing with the construction of the new 100 rooms' hotel Casa Cook to be opened in October 2019.

Net real estate sales continued its positive momentum capitalizing on the great and huge demand on our launched projects "Cyan" and "Ancient Sands Villas". In Q1 2019, we added new inventory of USD 51.0 million in both projects. The launched phase includes, apartments and town houses. Net real estate sales increased by 9.4% to reach EGP 434.7 million in Q1 2019 compared to EGP 397.3 million in Q1 2018. It is worth mentioning that Q1 2019 sales figures includes 20% sales to foreign clients. Real estate revenues increased by 17.5% in Q1 2019 to reach EGP 172.0 million.

Town management revenue continued its positive momentum and recorded a 29.5% increase to reach EGP 151.4 million vs. EGP 116.9 million in Q1 2018. The increase is mainly due to the increase in activities. Whereby, in April 2019; we successfully hosted El Gouna International Open Squash Championship 2019 and El Gouna Polo 2019.

Makadi Heights, Red Sea

Makadi Heights, our new rising destination, continued with the positive momentum since last year. Whereby net real estate sales increased to EGP 135.8 million vs. only EGP 0.3 million in Q1 2018. Real Estate revenues increased by 133.3% to EGP 4.9 million in Q1 2019. Town management revenues started to pick up and increased by 122.4% to reach EGP 3.3 million in Q1 2019 vs only EGP 0.5 million in Q1 2018. We are also finalizing the legal documents for the sale of Makadi Gardens Hotel that was sold for EGP 114.3 million.

First home market: O West, Egypt

In Q1 2019, total contracted real estate sales reached EGP 936.3 million. As of today, the total contracted sales reached EGP 2.1 billion and total reservations reached EGP 1.3 billion. We launched two phases, the first phase mainly included villas and the second phase included different range of apartments. Capitalizing on the huge demand and success, more inventory was added in April 2019 with a total value of EGP 696.4 million. To date, ODH managed to sell approximately 85% of the launched inventory.

It is worth mentioning that in 2019, only the land portion of the villas that were sold will be recognized as revenues, yet no positive margins will be reflected due to the upfront marketing and sales expenses that will be paid out this year. Revenues and positive margins will start to kick in starting the year 2020 onwards. The huge success for O West which has been reflected in its sales figures, strongly reaffirms ODH's position as the market leader in building fully integrated towns and proves the company's success in penetrating the first home market in Egypt.

Taba Heights, Sinai

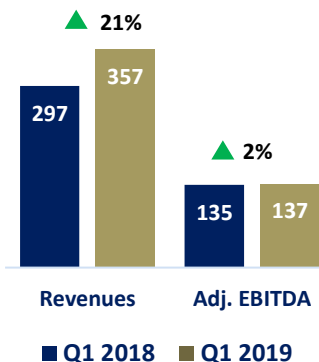
Taba Heights continued to improve, doubling its revenues from EGP 18.6 million in Q1 2018 to EGP 38.2 million in Q1 2019, and containing GOP losses at EGP 4.0 million in 2019 vs. EGP 6.5 million in Q1 2018. Improved stability in the region and extensive marketing efforts has led to renewed interest in the destination. In April 2019, Satour a new Slovakian tour operator started operating one flight on a weekly basis (189 seats). To date, we have 4 weekly flights coming to Taba Heights. Occupancy rates more than doubled to reach 37% in Q1 2019 compared to 17% in same period last year.

Outlook 2019

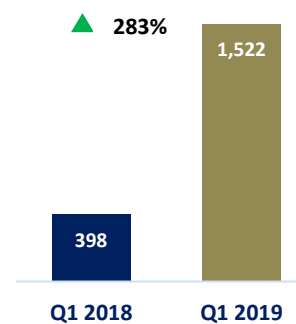
ODE is targeting topline revenues of EGP 4.0 billion and an Adj. EBITDA within the range of EGP 1.40 billion – EGP 1.45 billion.

The Group is also eyeing new real estate net sales of EGP 6.5 billion - EGP 7.0 billion, capitalizing on its first home project "O West" and building on the positive momentum of El Gouna and Makadi Heights.

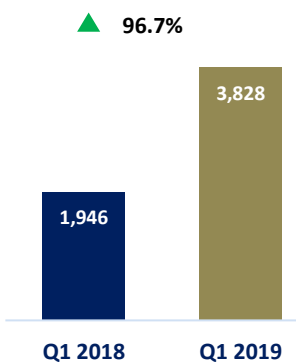
Hotels Financials (EGP mn)



Net Sales Value (EGP mn)



Deferred Revenue (EGP mn)



Key Figures for the Q1 2019:

Revenue by Business Segment (EGPmn)	Q1 2019	Q1 2018	%Change
Hotels	357.3	296.6	20.5%
Real Estate	320.7	147.1	118.0%
Land	-	-	-
Town Management	159.6	122.3	30.5%
Tamweel Group	-	88.9	-
ODE Group	837.6	654.9	27.9%

(EGP mn)	Q1 2019	Q1 2018	%Change
Revenue	837.6	654.9	27.9%
Cost of sales	(594.2)	(420.9)	41.2%
Gross profit	243.4	234.1	4.0%
<i>Gross profit margin</i>	29.1%	35.7%	(18.5%)
Investment income	35.9	46.6	(23.0%)
Administrative expenses	(46.1)	(19.3)	138.9%
Adj. EBITDA	233.2	261.4	(10.8%)
<i>Adj. EBITDA margin</i>	27.8%	39.9%	(30.3%)
Other losses/gains	78.1	26.9	190.3%
Share of associates gain/losses	3.9	0.6	550.0%
EBITDA	315.2	288.9	9.1%
Depreciation	(42.6)	(55.7)	(23.5%)
Finance costs	(115.5)	(105.3)	9.7%
Income tax expense	(45.7)	(44.8)	2.0%
Net Profit for the period	111.3	83.1	33.9%
ODE shareholders	89.4	62.3	43.5%
Non-controlling interest	21.9	20.8	5.3%
Basic EPS (EGP)	0.08	0.06	33.3%

(EGP mn)	31.03.19	31.12.18	% Change
Property, plant and equipment	3,663.0	3,647.0	0.4%
Inventory	7,268.9	762.1	853.8%
Receivables	1,676.4	1,685.0	(0.5%)
Cash and bank balances	1,417.3	1,310.3	8.2%
Investments in associates	163.9	160.0	2.4%
Other assets	1,724.3	1,607.7	7.3%
Non-current assets held for sale	128.5	129.6	(0.8%)
Total assets	16,042.3	9,301.7	72.5%
Borrowings	4,083.9	4,229.7	(3.4%)
Payables	6,537.9	448.4	1,358.1%
Provisions	534.2	598.4	(10.7%)
Other Liabilities	2,477.6	1,727.6	43.4%
Liabilities related to assets held for sale	17.6	17.6	-
Total liabilities	13,651.2	7,021.7	94.4%
Non-controlling interests	675.7	653.7	2.9%
Equity attributable to ODE shareholders	1,715.4	1,626.3	5.7%
Total liabilities and equity	16,042.3	9,301.7	72.5%

ODE is covered by the below companies:

1- Arqaam Capital

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2- Beltone Financial Holding

Analyst: Adham Hesham

Email: Ahesham@beltonefinancial.com

3- CI Capital

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4- EFG-Hermes

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5- HC Research

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6- Naeem Holding

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7- Pharos Holding

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9- Sigma Capital

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Presentation:

The associated presentation and financial statements can be found on Orascom Development Egypt's website <https://www.orascomde.com/investor-relations> under the Investor Relations section.

Telephone conference hosted by EFG Hermes on May 13, 2019 at 2:30 pm Cairo Local Time.

A telephone conference for analysts and investors hosted by EFG Hermes will be held in English on Monday, 13 May 2019; at 2:30 PM Cairo Local Time. CEO Khaled Bichara and CFO Ashraf Nessim, will present the Q1 2019 results and will be available to answer questions. A registration is not required.

Dial-in details are as follows:

- Int'l Dial in (UK): +44 (0)330 336 9105
- Egypt Toll Free: 0800 000 9067
- UK Toll Free: 0800 358 6377
- **US Toll Free:** 800 458 4121
- Conference ID: 7562004

Reply Details: A two-day replay service will be available for 14 days.

- Int'l (UK) Dial In: +44 (0) 207 660 0134
- Conference ID: 7562004

About Orascom Development Egypt (ODE):

Orascom Development Egypt (ODE) is the largest subsidiary of Orascom Development Holding (ODH). ODE is an integrated developer of resort towns in Egypt, with a vertically-integrated business model involving the development of residential units, hotels, and recreational facilities such as golf courses, town centers, and marinas, in addition to supporting infrastructure, such as hospitals, schools, and utilities. ODE currently owns a land bank of 49.9 million square meter and 24 hotels with a total of 4,914 rooms within four operating destinations. El Gouna, on the Egyptian Red Sea Coast in Hurghada, Taba Heights, on the Sinai Peninsula, Makadi in Hurghada and Byoum in Fayoum.

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