

## Orascom Development Egypt (ODE) (EGX: ORHD.CA) has released its consolidated financial results for Q1 2023.

ODE demonstrated robust business execution across all segments despite being impacted by FX losses due to the devaluation of Egyptian Pound (EGP) currency. Growing its total revenues by 52.8% to EGP 3.0 billion and its net real estate sales by 35.9% to EGP 2.7 billion

### Key Highlights of Q1 2023 vs. Q1 2022

- Total revenues increased by 52.8% to EGP 3.0 billion, with strong growth in recurring income business.
- Adj. EBITDA up 61.8% to EGP 1.2 billion with a margin of 39.5%.
- Net profits reached EGP 384.0 million in Q1 2023 despite being affected by EGP 477.7 million FX losses due to the devaluation of EGP.
- Our hotels surpass pre-pandemic levels, with revenues up 120.0% to EGP 573.2 million.
- Net real estate sales for Q1 2023 up 35.9% to EGP 2.7 billion, the highest Q1 sales figure in ODE's history.

**Cairo, 15 May 2023** – ODE started the year with strong positive operational and financial results across all its destinations. Growing its total revenues by 52.8% to EGP 3.0 billion and a net profit of EGP 384.0 million despite being impacted by FX losses due to the devaluation of EGP.

### Financial Review:

#### Q1 2023:

During Q1 2023, total revenues reached EGP 3.0 billion, up 52.8% y-o-y (Q1 2022: EGP 1.9 billion). Gross profit increased by 60.9% to EGP 1.1 billion with a margin of 37.1%. The boost in revenues and gross profit resulted from the acceleration of our construction activities, with real estate revenues reaching EGP 2.0 billion, an increase of 44.3% vs. Q1 2022, in addition to the enhanced business performance of the hotels and town management segments. Adj. EBITDA also increased by 61.8% to EGP 1.2 billion vs. EGP 721.1 million in Q1 2022. Other gains and losses reported a loss of EGP 519.5 million vs. a loss of EGP 108.2 million in Q1 22. The increase in other gains and losses is mainly attributed to the FX loss related to the portion of foreign currency debt as a result of the devaluation of the EGP. Interest expenses increased by 179.4% to EGP 210.1 million (Q1 2022: EGP 75.2 million) due to the increase in interest rates. Net income reached EGP 384.0 million (Q1 2022: EGP 463.7 million) despite the FX loss of EGP 477.7 million affecting our bottom-line figures. It is worth mentioning that adjusted net income excluding one-offs (which includes forex losses or gains along with any non-operational one-off transactions) increased by almost 58.0% from EGP 571.9 million in Q1 2022 to EGP 903.5 million in Q1 2023. ODE continued to preserve a healthy balance sheet and monitor its cash balances and liquidity. During Q1 2023, our cash and cash equivalent balance reached EGP 3.8 billion. Total banks debt stood at EGP 7.1 billion in Q1 2023.

#### Group Real Estate: Net real estate sales of EGP 2.7 billion, a 35.9% increase over Q1 2022, coupled with accelerated construction, boosting our segment's revenues to EGP 2.0 billion.

New sales for Q1 2023 reached EGP 2.7 billion, up 35.9% from EGP 2.0 billion in Q1 2022, the highest first quarter sales figures in ODE's history. The increase in sales across all destinations was a factor in our ability to increase the average selling prices across all destinations. El Gouna became the group's largest contributor to new sales (41%), followed by O West (40%), and Makadi Heights (18%). Revenues from real estate increased by 44.3% to EGP 2.0 billion (Q1 2022: EGP 1.4 billion). Total deferred revenue from real estate that is yet to be recognized until 2027 increased by 24.1% to EGP 15.8 billion (Q1 2022: EGP 12.7 billion). Total real estate portfolio receivables also increased by 30.8% to EGP 22.5 billion. Real estate cash collections during Q1 2023 increased by 39.1% to EGP 1.9 billion (Q1 2022: EGP 1.4 billion).

**Group Hotels: A quantum leap in hospitality portfolio in Q1 2023 with revenues up 120.0% to EGP 573.2 million.**

A tremendous start for our hotel's segment recording more than double digit growth for all main operational KPIs vs. same period last year despite the global economic headwinds. Our hotels exhibited solid growth during the quarter, primarily driven by strong average daily rates and enduring leisure demand and an increase in occupancy rates across all our hotels. With further room for occupancy to increase, we look forward to it growing steadily in the future. As expected, we continue to see outperformance relative to pre-pandemic metrics. Revenues for the hotels during Q1 2023 increased by 120.0% to EGP 573.2 million (Q1 2022: EGP 260.6 million), GOP increased by 220.8% to EGP 332.0 million (Q1 2022: EGP 103.5 million). The segment Adj. EBITDA increased by 232.9% to EGP 226.7 million (Q1 2022: EGP 68.1 million) on the back of further improvements in operational efficiencies.

**Group Town Management: Maintained its improved operational performance, with revenues up 32.5% to EGP 365.8 million.**

The destination management segment continued to sustain its enhanced operational performance and started the year with a solid set of results, securing recurring revenue stream to the group. Revenues in Q1 2023 increased by 32.5% to EGP 365.8 million (Q1 2022: EGP 276.1 million) and Adj. EBITDA increased by 35.6% to EGP 105.9 million (Q1 2022: EGP 78.1 million).

## Details on the Destinations

### El Gouna, Red Sea:

El Gouna continues to affirm its position as the «destination of choice». New real estate sales during Q1 2023 grew by 33.5% to EGP 1.15 billion vs. Q1 2022. We managed to increase the average selling prices by a solid 68.0% to EGP 129,966/sqm vs. Q1 2022 and by 80.4% vs. FY 2022. Throughout Q1 2023, we added a new inventory of USD 8.6 million in “Art Island” real estate project and we launched a new real estate project “Ancient Sands Residences” with a total inventory value of USD 10.4 million. A total of 703 units are being constructed with plans to deliver a total of 462 units this year, with main deliveries of which already 66 units were delivered during Q1 2023. Real estate revenues were up by 64.2% to EGP 1.25 billion (Q1 2022: EGP 764.1 million). El Gouna hotels' revised business model which demonstrated a special focus on direct business conversions at higher average daily rates delivered good quarterly results, benefiting from the destination's leading local and regional market positioning. Revenues increased by 103.0% to EGP 511.0 million (Q1 2022: EGP 251.7 million). Occupancy rate for Q1 23 increased to 69% (Q1 2022: 61%). While ARR's were increased by 92.6% to reach EGP 2,529 during Q1 23. GOP, on the other hand, increased by 191.2% to EGP 320.3 million (Q1 2022: EGP 110.0 million). Foreigners represented 87% of our total hotels' occupancy during Q1 2023. Moving to the hotel's development side, we are progressing with the renovation process across Sheraton and Ocean View hotels with plans to be finalized during Q2 2023, while the renovation process for Steigenberger was finalized in February 2023. Town management continued its positive momentum with revenues up 30.3% to EGP 349.8 million (Q1 2022: EGP 268.5 million). Total revenues for El Gouna were up by 64.7% to EGP 2.1 billion (Q1 2022: EGP 1.3 billion).

### O West, Egypt:

O West continues to affirm its leading position in West Cairo. Net real estate sales increased by 8.6% to EGP 1.1 billion in Q1 2023 vs. EGP 1.0 billion in Q1 2022. The increase in sales was accomplished by a 61.3% increase in our average selling prices per sqm to reach 56,069 in Q1 2023 vs. Q1 2022. On the development side, we are speeding up our construction pace, whereby we completed the construction of 444 villas and are progressing with the construction of 1,015 apartments and 236 townhouses, with plans to start delivering 710 units in Q2 23. We started the construction of 119 units in the O West Business District. The construction work at O West Club is progressing and is expected to be partially open by Q3-23. Furthermore, club membership fees increased by 20% from EGP 250k in FY 2022 to EGP 300k in Q1 2023. Total revenues of O West increased by 27.5% to EGP 682.7 million (Q1 2022: EGP 535.3 million).

### Makadi Heights, Red Sea:

In Makadi Heights, the destination continued to deliver excellent sales figures since the second half of 2022. Net real estate sales reached EGP 490.3 million in Q1 2023; a 232.9% y-o-y compared to EGP 147.3 million in Q1 2022. We managed to increase our average selling prices by 23.6% to EGP 41,188/sqm vs. Q1 2022. In 2023, Makadi Heights is expecting to deliver a total of 350 units by 2023, most of which are early deliveries thanks to the destination's accelerating construction efforts. Total revenues from Makadi Heights reached EGP 78.3 million (Q1 2022: EGP 102.9 million).

**Taba Heights, Sinai:**

The continuous efforts to regain the destination's position on the international travel map have started to show positive effects supported by cost control measures and an increase from the local and regional businesses, which afforded an increase in occupancy, revenues, and GOP. Taba witnessed an improved winter season, reporting a 29% occupancy rate during Q1 2023 vs. 10% in Q1 2022. Foreigners represented c. 91% of our total occupancy in Taba during Q1 2023. The hotels also reported a positive GOP of EGP 11.7 million in Q1 23 vs. a negative EGP 6.5 million in Q1 2022. During Q1 2023, only two hotels out of the six hotels were open with 929 rooms. Starting April 2023, we re-opened Bay View Hotel (394 rooms). Total revenues from Taba Heights increased by 516.7% to EGP 66.6 million (Q1 2022: EGP 10.8 million).

**Business Updates 2023:**

In 2023, we will continue to navigate the short-term challenges while striving to meet our long-term commitments. ODE management remains confident in the company's ability to uphold its leading market performance as one of the leading real estate and hospitality companies in Egypt, on both the operational and financial aspects, supported by its flexible balance sheet structure and prudent risk management, which would solidify ODE's position against any unforeseen market challenges.

As always, we will remain focused on expanding our operations, protecting our profitability, and unlocking new value for our shareholders. While the situation remains highly fluid, the outlook is subject to extraordinary uncertainty. The management is closely monitoring the market developments. Nevertheless, we are continuing to abstain, at least for the time being, from providing guidance for 2023.

**Key Figures for the Q1 2023/22:**

<b>Revenue by Segment (EGPmn)</b>	<b>Q1 2023</b>	<b>Q1 2022</b>
Hotels	573.2	260.6
Real Estate	2,013.9	1,395.2
Town Management	365.8	276.1
<b>ODE Group</b>	<b>2,952.9</b>	<b>1,931.9</b>

<b>(EGPmn)</b>	<b>Q1 2023</b>	<b>Q1 2022</b>
<b>Revenue</b>	<b>2,952.9</b>	<b>1,931.9</b>
Cost of sales	(1,857.0)	(1,250.8)
<b>Gross profit</b>	<b>1,095.9</b>	<b>681.1</b>
<i>Gross profit margin</i>	37.1%	35.3%
Investment income	129.7	75.1
Administrative expenses	(59.2)	(35.1)
<b>Adj. EBITDA</b>	<b>1,166.4</b>	<b>721.1</b>
<i>Adj. EBITDA margin</i>	39.5%	37.3%
Other gains/losses	(519.5)	(108.2)
Share of associates gains	10.6	22.6
<b>EBITDA</b>	<b>657.5</b>	<b>635.5</b>
Depreciation	(59.4)	(47.9)
Finance costs	(210.1)	(75.2)
Income tax expense	(4.0)	(48.7)
<b>Net Profit for the period</b>	<b>384.0</b>	<b>463.7</b>
<b>ODE shareholders</b>	<b>291.5</b>	<b>420.1</b>
Non-controlling interest	92.5	43.6
<b>Basic EPS (EGP)</b>	<b>0.26</b>	<b>0.38</b>

<b>(EGPmn)</b>	<b>31.03.23</b>	<b>31.12.22</b>
Property, plant, and equipment	6,655.0	6,271.1
Inventory	12,442.6	9,221.7
Receivables	6,787.3	6,233.5
Cash and bank balances	3,303.4	3,059.6
Treasury bills	516.1	766.3
Investments in associates	318.4	409.0
Other assets	3,244.8	2,309.8
<b>Total assets</b>	<b>33,267.6</b>	<b>28,271.0</b>
Borrowings	8,053.6	5,632.5
Payables	8,899.8	7,181.9
Provisions	870.8	1,226.2
Other Liabilities	8,247.9	7,415.6
<b>Total liabilities</b>	<b>26,072.1</b>	<b>21,456.2</b>
Non-controlling interests	1,148.9	1,056.4
Equity attributable to ODE shareholders	6,046.6	5,758.4
<b>Total liabilities and equity</b>	<b>33,267.6</b>	<b>28,271.0</b>

## 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 CI Capital on May 15th, 2023, at 3:00 pm Cairo Local Time (CLT).

A telephone conference for analysts and investors hosted by CI Capital will be held in English on Monday, 15th of May 2023; at 3:00 pm Cairo Local Time. Chief Executive Officer, Omar El Hamamsy, Chief Financial Officer, Ashraf Nessim, and Director of Investor Relations, Ahmed Abou El Ella will present Q1 2023 results and will be available to answer questions. A registration is not required.

## Dial-in details are as follows:

[Click here](#) for webinar link

**Event number:** 996 0800 4141

**Event password:** 482658

A call recording will be available after the call

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## About Orascom Development Egypt (ODE):

Orascom Development Egypt is the largest subsidiary under Orascom Development Holding (ODH), a leading international developer specializing in vibrant, integrated communities in Europe, the Middle East, and North Africa. For more than 30 years, Orascom Development Holding has been a pioneer in creating destinations where people are inspired to live, work, and play with passion and purpose.

From El Gouna's stunning Egyptian coastal town by the Red Sea, to O West's modern and integrated town living in the heart of West Cairo's Sixth of October, each master-planned community is a testament to ODE's commitment to place-making at its finest. Other integrated towns in Egypt include Makadi Heights near the Red Sea, Taba Heights on the Sinai Peninsula, and Byoum in Fayoum. ODE owns a land bank of more than 50 million square meters with nearly 28% developed or under development. ODE's hospitality portfolio includes 24 premium and luxury hotels with more than 4,900 rooms in Egypt. ODE shares are listed on the Egyptian Stock Exchange (EGX).

For more information, please visit <https://www.orascomde.com/>

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