

Cairo, November 13, 2014 -TMG Holding reports EGP 3.3 BN consolidated revenue, EGP 488 MN consolidated net profit after minority and EGP 5.7 BN of new sales value for 9 Months 2014

TMG Holding, the leading Egyptian community real estate developer is glad to announce its consolidated financial results for the nine months and third quarter ending September 30, 2014.

Key Operational and Financial Highlights for the consolidated results of January 1 to September 30, 2014

- Total consolidated revenues for 9M-14 reached EGP 3.3 MN compared to EGP 3.2 MN consolidated revenues for 9M-13. The 2% increase in recognized revenue is the combined effect of:
 - (i) a 1% decrease in the revenue recognized from real estate units.
 - (ii) a 34% increase in the hotels revenue reflecting the stability in tourism flow due to the lifting of tourism sanctions imposed on Egypt as a destination by major markets.
 - (iii) a 8% increase in the revenue from services generated from malls rentals and Madinaty services.
- Gross Profit for 9M-14 is EGP 1,111 MN, 16% increase to EGP 960 MN for 9M-13. Due to 7% decrease in Real Estate & Construction Cost.
- Net profit before tax of EGP 825 MN is 58% higher than EGP 523 MN for 9M-13 due to a combined effect of a decrease in SG&A cost and interest expenses 3% and 20% respectively in 3Q-14.
- Net profit after tax and minority is EGP 488 MN for 9M-14, 17% higher than EGP 418 MN for 9M-13.
- During 3Q-14, TMG continued to deliver healthy revenue and profits. The following comparison is provided to shed the light on the quarterly and year on year performance.
- Total consolidated revenues for 3Q-14 reached EGP 666 MN, 21% lower than EGP 837 MN consolidated revenues for 3Q-13. The decrease in recognized revenue is the combined effect of:
 - (i) a 37% decrease in revenue recognized from real estate units. Deliveries from historical sales continued per schedule. The Q-o-Q is due to the effect of catching up last year to overcome the delay in deliveries due to the political disturbances that happened in Egypt.
 - (ii) a 128% increase in the hotels revenue reflecting the current stability in tourism flow and tourists spending explained in “hotels and resorts” operating performance high.
 - (iii) a 18% increase in revenue from services represented in malls rentals and new revenue generated from operation of infrastructure facilities in Madinaty project.
- Gross Profit for 3Q-14 of EGP 292 MN is 15% higher than EGP 254 MN for 3Q-13 .The increase in gross profit came at a higher rate than the decrease in consolidated revenue as the effect of 54% decrease in Real Estate Construction Cost.
- Net profit after tax and minority of EGP 136 MN for 3Q-14 is 30% higher than EGP 105 MN The increase in Net profit driven by combined effect of a decrease in SG&A cost and interest expenses 8% and 16% respectively in 3Q-14.

- At September 30, 2014, the Group's total assets reached EGP 57 BN, cash, marketable securities and other liquid investments amounted to approximately EGP 3.9 BN, representing approximately 6.9% of total assets; and total debt amounted to EGP 3.2 BN, representing approximately 5.7% of total assets. The debt to equity ratio is 1:8 times, reflecting the group's low gearing and prudent cash management.

Operating Performance

City & Community Complexes

EGP 5,7 BN in sales value achieved in nine months 2014

Total new sales of real estate units amounted to EGP 5.7 BN for 9M -14, compared to EGP 4.6 BN for the same period last year. The value of new sales has increased by approximately 24% on a y-o-y basis, which is a healthy indicator even though the prevailing general market conditions have not reached a point of complete stability yet.

And cancellations remain within normal rates

Total cancellations of the accumulated sales backlog since inception of projects have not exceeded its normal rates of approximately 4.2% up to the end 9M -14. Value of cancelled units is EGP 368 MN in 9M-14 compared to EGP 493 MN for the same period last year.

At September 30, 2014: the backlog of sold but unrecognized units is approximately EGP 21 BN to be recognized as per the units' delivery schedule over the next four years.

Hotels & Resorts

- Revenue from operating hotels has reached EGP 370 MN in 9M-14 compared to EGP 277 MN in 9M-13. The hotels KPI's and operational results are summarized as follows:
 - Four Seasons Nile Plaza reported GOP of 43% and NP of 34.5% in 9M-14 compared to 27.5% and 18% respectively in 9M-13. Average room rate is USD 272 in 9M-14 compared to USD 201 in 9M-13 and average occupancy rate of 39% compared to 27% for the same period last year.
 - Four Seasons Sharm El Sheikh reported GOP of 29% and NP of 18% in 9M-14 compared to 30% and 18% respectively in 9M-13. Average room rate is USD 316 in 9M-14 compared to USD 303 in 9M-13 and average occupancy rate of 40% compared to 42% for the same period last year.
 - Four Seasons San Stefano reported GOP of 35.5% and NP of 27.5% in 9M-14 compared to 26% and 18.5% respectively in 9M-13. Average room rate is USD 252 in 9M-14 compared to USD 226 in 9M-13 and average occupancy rate of 55% compared to 42% for the same period last year.
 - Kempinski Nile Hotel reported GOP of 17% and NP of 11% in 9M-14 compared to a negative GOP and NP in 9M-13. Average room rate is USD 125.5 in 9M-14 compared to USD 131 in 9M-13 and average occupancy rate of 36% compared to 23% for the same period last year.
- On quarter level, revenue from operating hotels has reached EGP 138 MN in 3Q-14 compared to EGP 61 MN in 3Q-14.
- On an operational level, the hotels KPI's and operational results are summarized as follows:
 - Four Seasons Nile Plaza reported a GOP of 47% and NP of 37% in 3Q-14 compared to negative GOP and NP in 3Q-13. Average room rate is USD 312 in 3Q-14 compared to USD 197 in 3Q-13 at an average occupancy rate of 15% compared to 43% for 3Q-14.
 - Four Seasons Sharm El Sheikh reported a GOP of 15% and NP of 5% in 3Q-14 compared to negative GOP and NP in 3Q-13. An average room rate is USD 288 in 3Q-14 compared to USD 264 in 3Q-13 at an average occupancy rate of 26% compared to 37% for 3Q-14.
 - Four Seasons San Stefano reported a GOP of 44% and a NP of 35.5% in 3Q-14 compared to a GOP of 23% and 15% respectively in 3Q-13. Average room rate is USD 272 in 3Q-14 compared to USD 230 in 3Q-13 at an average occupancy rate of 30% compared to 63% for 3Q-14.
 - Kempinski Nile Hotel, soft launched in July 2010, a GOP of 28% and NP of 25% in 3Q-14 compared to a negative GOP and NP in 3Q-13. An average room rate is USD 133 in 3Q-14 compared to USD 120 in 3Q-13 at an average occupancy rate of 13.5% compared to 43% for 3Q-14.

Key Operational Highlights for the nine months and third quarter ending September 30, 2013

	9m-14		9m-13		change	3Q-14		3Q-13		change
	EGPmn		EGPmn			EGPmn		EGPmn		
Revenues breakdown										
Revenues from units sold	2,716	82%	2,755	85%	-1%	439	66%	701	84%	-37%
Revenues from Hotels	370	11%	277	9%	34%	138	21%	61	7%	128%
Other revenues	242	7%	224	7%	8%	89	13%	75	9%	18%
Total consolidated revenue	3,328	100%	3,256	100%	2%	666	100%	837	100%	-21%
COGS breakdown										
Real Estate & Construction Cost	(1,761)	-53%	(1,890)	-58%	-7%	(207)	-31%	(452)	-54%	-54%
Hotels Cost	(260)	-8%	(224)	-7%	16%	(94)	-14%	(66)	-8%	41%
Services Cost	(196)	-6%	(182)	-6%	7%	(72)	-11%	(64)	-8%	12%
Total cost of goods sold	(2,217)	-67%	(2,296)	-71%	-3%	(373)	-56%	(582)	-70%	-36%
Gross profit	1,111	33%	960	29%	16%	292	44%	254	30%	15%
Selling, General and Administrative Expenses	(266)	-8%	(273)	-8%	-3%	(82)	-12%	(89)	-11%	-8%
Depreciation expense	(92)	-3%	(93)	-3%	0%	(31)	-5%	(31)	-4%	0%
Provision expense/provisions no longer required	-	0%	(0.1)	0%	-100%	-	0%	(0.1)	0%	-100%
Interest expense	(82)	-2%	(102)	-3%	-20%	(28)	-4%	(33)	-4%	-16%
Interest income	49	1%	36	1%	35%	16	2%	11	1%	48%
Investment income	7	0%	7	0%	9%	4	1%	3	0%	45%
Net change in market value of financial investments	15	0%	6	0%	169%	8	1%	5	1%	55%
Other income (expense)	53	2%	37	1%	41%	15	2%	5	1%	191%
Capital gain	(2)	0%	7	0%	-123%	(0.2)	0%	0.4	0%	-138%
Revenue (loss) on sale of investments held to sale	272	8%	-	0%	N/A	-	0%	-	0%	N/A
Impairment of assets	(351)	-11%	-	0%	N/A	-	0%	-	0%	N/A
Foreign exchange difference	110	3%	(63)	-2%	-273%	4	1%	15	2%	-70%
Net profit before tax	824	25%	522	16%	58%	198	30%	140	17%	41%
Income tax and deferred tax	(344)	-10%	(144)	-4%	139%	(61)	-9%	(42)	-5%	45%
Net Profit	480	14%	378	12%	27%	137	21%	98	12%	40%
Minority's share	8	0%	40	1%	-80%	(1)	0%	7	1%	-114%
Attributable to shareholders	488	15%	418	13%	17%	136	20%	105	13%	30%

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

For the period From 1 January 2014 to 30 September 2014

	Notes	From 1/1/2014 to 30/9/2014 LE	From 1/1/2013 to 30/9/2013 LE	From 1/7/2014 to 30/9/2014 LE	From 1/7/2013 to 30/9/2013 LE
Revenue	(29)	3,328,571,675	3,256,229,995	665,562,138	837,288,999
Cost of revenue	(29)	(2,217,188,024)	(2,295,987,996)	(373,223,766)	(582,837,142)
GROSS PROFIT		1,111,383,651	960,241,999	292,338,372	254,451,857
General and administrative expenses, marketing and sales expenses		(265,465,372)	(228,547,662)	(81,557,694)	(88,086,797)
Depreciation and amortization	(4, 5)	(92,494,910)	(92,859,308)	(30,988,755)	(30,911,696)
Provisions		-	(186,653)	-	(186,653)
Provisions no longer required		-	79,335	-	72,684
Rent expenses		-	(44,002,261)	-	(794,748)
Operating Profit		753,423,369	594,725,450	179,791,923	134,544,647
Credit interest	(34)	22,757,602	12,963,059	6,501,748	3,516,853
Interest of Financial Assets Held to Maturity	(34)	341,770	21,962,534	341,770	6,601,558
Amortization of Financial Assets Held to Maturity	(10)	199,398	1,125,376	138,007	382,777
Income from treasury bills	(34)	25,325,703	403,203	8,690,797	98,352
Finance cost		(81,832,514)	(101,828,998)	(27,667,020)	(33,065,128)
Dividends revenue from financial assets at fair value through profit and loss	(30)	4,004,120	3,891,351	367,641	1,818,055
Gain on sale of current assets held for sale	(31)	271,915,985	-	-	-
Gain on sale of financial assets at fair value through profit and loss	(32)	1,462,230	2,773,579	874,979	973,448
Gain of reevaluate financial assets at fair value through profit and loss	(12)	15,072,104	5,591,894	8,067,791	5,235,756
Share of revenue (loss) of associates	(8)	1,424,195	(50,952)	1,648,496	126,373
Impairment in investments from subsidiaries	(7)	(351,167,780)	-	-	-
Other income	(33)	52,661,545	37,196,926	15,438,344	5,216,455
Capital (Loss) Gain	(4)	(1,642,511)	7,156,085	(153,665)	418,604
Board of directors allowances		(233,150)	(373,050)	(107,950)	(114,550)
Foreign exchange gain (loss)		109,637,051	(63,213,245)	4,387,892	14,469,249
NET PROFIT FOR THE PERIOD BEFORE TAX		823,349,117	522,323,212	198,320,753	140,222,449
Income tax	(28)	(339,288,516)	(148,087,643)	(56,385,887)	(41,243,898)
Deferred tax revenue	(28)	(4,683,538)	4,000,787	(4,449,753)	(892,379)
NET PROFIT FOR THE PERIOD AFTER TAX		479,377,063	378,236,356	137,485,113	98,086,172
Net (loss) gain of minority interest		(8,513,050)	(39,532,693)	1,138,286	(6,927,294)
NET PROFIT FOR THE PERIOD (MOTHER COMPANY SHAREHOLDERS)		487,890,113	417,769,049	136,346,827	105,013,466

Chairman

Tarek Talaat Mostafa

Financial Director

Ghaleb Ahmed Fayed

CONSOLIDATED BALANCE SHEET

As of 30 September 2014

	Notes	30/9/2014 LE	31 /12/ 2013 LE
Non-Current Assets			
Property and Equipment	(4)	3,966,274,774	4,027,979,518
Intangible Assets	(5)	6,573,134	8,938,467
Projects Under Constructions	(6)	1,386,857,977	1,304,180,509
Goodwill	(7)	15,042,485,337	15,393,653,117
Investments in Associates	(8)	8,306,267	5,202,072
Available for Sale Investments	(9)	45,433,895	62,454,990
Investments in Financial Assets Held to Maturity	(10)	909,000,498	350,946,135
Total Non-Current Assets		21,364,931,882	21,153,354,808
Current Assets			
Work in Progress	(14)	16,794,726,005	16,371,858,676
Inventory	(15)	34,571,444	41,231,304
Accounts and Notes Receivable	(13)	14,616,624,331	13,879,899,099
Prepayments and Other Debit Balances	(16)	1,844,640,814	2,406,242,891
Current assets held for sale	(11)	-	93,830,684
Available for Sale Investments	(9)	25,841,897	25,841,897
Investments in Financial Assets Held to Maturity	(10)	486,202,810	494,824,695
Financial assets at fair value through profit and loss	(12)	115,675,516	148,403,675
Cash on Hand and at Banks	(17)	1,683,114,578	680,622,516
Total current assets		35,601,397,395	34,142,755,437
Current Liabilities			
Banks Overdraft		8,983,389	16,775,509
Creditors and Notes Payable	(18)	1,758,226,272	2,707,456,865
Bank Facilities	(26)	549,320,994	911,395,524
Current Portion of Loans and Facilities	(26)	577,765,015	625,777,977
Customers Advance Payment	(19)	19,054,474,866	16,789,303,340
Dividends Creditors	(20)	79,547,883	13,647,172
Accrued income tax	(28)	352,832,084	213,574,418
Accrued Expense and Other Credit Balances	(21)	3,514,165,546	2,794,564,781
Total Current Liabilities		25,895,316,049	24,072,495,586
WORKING CAPITAL		9,706,081,346	10,070,259,851
TOTAL INVESTMENTS		31,071,013,228	31,223,614,659

CONSOLIDATED BALANCE SHEET

As of 30 September 2014

	Notes	30/9/2014 LE	31 /12/ 2013 LE
Financed as follows:			
Owner's Equity			
Authorized Capital	(22)	30,000,000,000	30,000,000,000
Issued and Paid up Capital	(22)	20,635,622,860	20,635,622,860
Legal Reserve	(23)	219,401,938	218,227,661
General Reserve	(24)	61,735,404	61,735,404
Net unrealized gains on available for sale investments	(25)	8,653,772	11,160,000
Accumulative translation adjustment		424,136	361,313
Retained earning		4,749,875,190	4,471,558,420
Net profit for the period / year		487,890,113	585,185,459
TOTAL MOTHER COMPANY SHAREHOLDERS EQUITY			
Minority Interest		26,163,603,413	25,983,851,117
TOTAL SHAREHOLDERS' EQUITY		27,065,473,496	26,895,893,060
Non-current Liabilities			
Non-current Loans	(26)	2,155,359,428	2,219,266,246
Non-current Liabilities	(27)	1,825,531,402	2,088,489,989
Deferred Tax Liability	(28)	24,648,902	19,965,364
Total Non- Current Liabilities		4,005,539,732	4,327,721,599
Total Shareholders' Equity and Nun- Current liabilities		31,071,013,228	31,223,614,659

Chairman



Tarek Talaat Mostafa

Financial Director



Ghaleb Ahmed Fayed

Auditors



Emad H. Ragheb



Magdy Hashish

CONSOLIDATED CASH FLOW STATEMENT

For the period From 1 January 2014 to 30 September 2014

Notes	From 1/1/2014 to 30/9/2014 LE	From 1/1/2013 to 30/9/2013 LE
CASH FLOWS FROM OPERATING ACTIVITIES		
	823,349,117	522,323,212
	Net profit for the period before tax and minority interest	
	Adjustment to reconciliation net profit with cash flow operating activities:	
	Depreciation & Amortization	
(4, 5)	92,494,910	92,859,308
(10)	(199,398)	(1,125,376)
	-	(79,335)
	Provisions (no longer required)	
(7)	351,167,780	-
(34)	(48,425,075)	(35,328,796)
	Credit Interests and Treasury Bills revenue	
(30)	(4,004,120)	(3,891,351)
(12)	(15,072,104)	(5,591,894)
(31)	(271,915,985)	-
	(Gain) of reevaluate Financial Assets at Fair Value through Profit and Loss	
(32)	(1,462,230)	(2,773,579)
	(Gain) on sale of current assets held for sale	
(8)	(1,424,195)	50,952
(4)	1,642,511	(7,156,085)
	Share of loss (profit) of Associates	
	Capital Loss (Gain)	
	Foreign Exchange (Gain) Loss	
	816,514,160	622,500,301
Operating profit before changes in working capital		
(14)	(422,867,329)	(1,572,599,013)
	Change in Work in Progress	
	Change in Inventory	
(13)	(736,725,232)	395,215,414
(16)	587,171,780	49,562,200
	Change in Accounts and Notes Receivables	
	Change in Prepayments and Other Debit Balances	
	Change in Creditors and Notes Payable	
	Change in Non- Current Liabilities	
	Change in Customers Advance Payment	
	Change in Dividends Creditors	
(12)	49,262,493	29,119,308
(28)	(200,030,850)	(179,087,570)
(21)	719,600,765	602,888,883
	Change in Financial Assets at Fair Value through Profit and Loss	
	Change in accrue income tax	
	Change in Other Credit Balances	
	1,871,507,959	27,424,313
Net Cash flows provided from Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
(4,6)	(117,519,696)	(106,645,111)
	(Payment) on Purchasing of Property and Equipment and Projects Under Construction	
(4)	4,774,884	7,621,072
	Proceeds from sale Fixed Assets	
(10)	(549,233,080)	12,864,321
	(Payment) Proceeds from Financial Assets Held to Maturity	
(9)	14,514,867	3,611
	Proceeds from Available for Sale Investments	
(30)	4,004,120	3,891,351
	Proceeds from Dividends revenue from Financial Assets at Fair Value through Profit and Loss.	
(8)	(1,680,000)	(520,000)
	(Payment) company share in capital increase in Associates	
(31)	365,746,669	-
	Proceeds from Current assets held for sale	
	(279,392,236)	(82,784,756)
Net Cash flows (used in) Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
(34)	22,855,372	33,440,337
	Collected Credit Interests and Treasury Bills Revenue	
	Dividends payment	
(26)	(473,994,310)	304,275,970
	(Payment) Loans and Facilities	
	(688,253,193)	337,716,307
Net Cash flows (used in) provided from Financing Activities		
	Foreign Exchange Impact	
	109,637,051	(63,213,245)
NET CASH AND CASH EQUIVALENTS DURING THE PERIOD		
	1,013,499,581	219,142,619
	Non-Cash Adjustments	
	(3,215,399)	2,529,165
	Cash and Cash Equivalents at the beginning of the period	
	663,847,007	263,222,730
(17)	1,674,131,189	484,894,514
	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	

Summary of C&C projects in Operation and Development

	Madinaty	Al Rehab I (9)	Al Rehab II	Al Rabwa I	Al Rabwa II
Total Land area(1) (m2)	33,600,000	6,140,400	3,760,000	1,318,800	819,028
To be dev. land area(2) (m2)	33,600,000	924,225	3,760,000	0	819,028
To be dev. built up area(3) (m2)	20,856,908	223,740	2,292,260	0	119,071
% of sold residential BUA	31%		62%		75%
CBRE Value – June 30, 2008	EGP 17.82 BN	EGP 1.92 BN	EGP 5.86 BN		EGP 238.28 MN
% owned(6)	99.9%	99.9%	99.9%	98.6%	98.6%
Location	New Cairo	New Cairo	New Cairo	El Sheikh Zayed	El Sheikh Zayed
Exp. Population	600,000	120,000	80,000	3,240	1,725
Commence(4)	July 2006	November 1996	July 2006	December 1994	January 2006
Expected Completion(5)	2026	2012	2020	2006	2012
Amenities	Various including: 45 hole golf course 22 schools 1 university 8 hotels commercial parks (offices & retail) 1 hospital	4 schools 7 mosques 1 church 1 office park 2 shopping malls	4 Mosques 2 schools 1 shopping mall 1 club house	1 shopping mall Cinema 9 hole golf course Sports pavilion	9 hole golf course

1. Land area procured

2. Area of land still to be developed as per CBRE report

3. The built up area ("BUA") still to be developed under phasing plan as per the CBRE report

4. Launch of sales

5. Delivery of final unit assumed in the CBRE report

6. Effective ownership

7. Land value only – Includes additional 1 MN sqm of land procured for future development

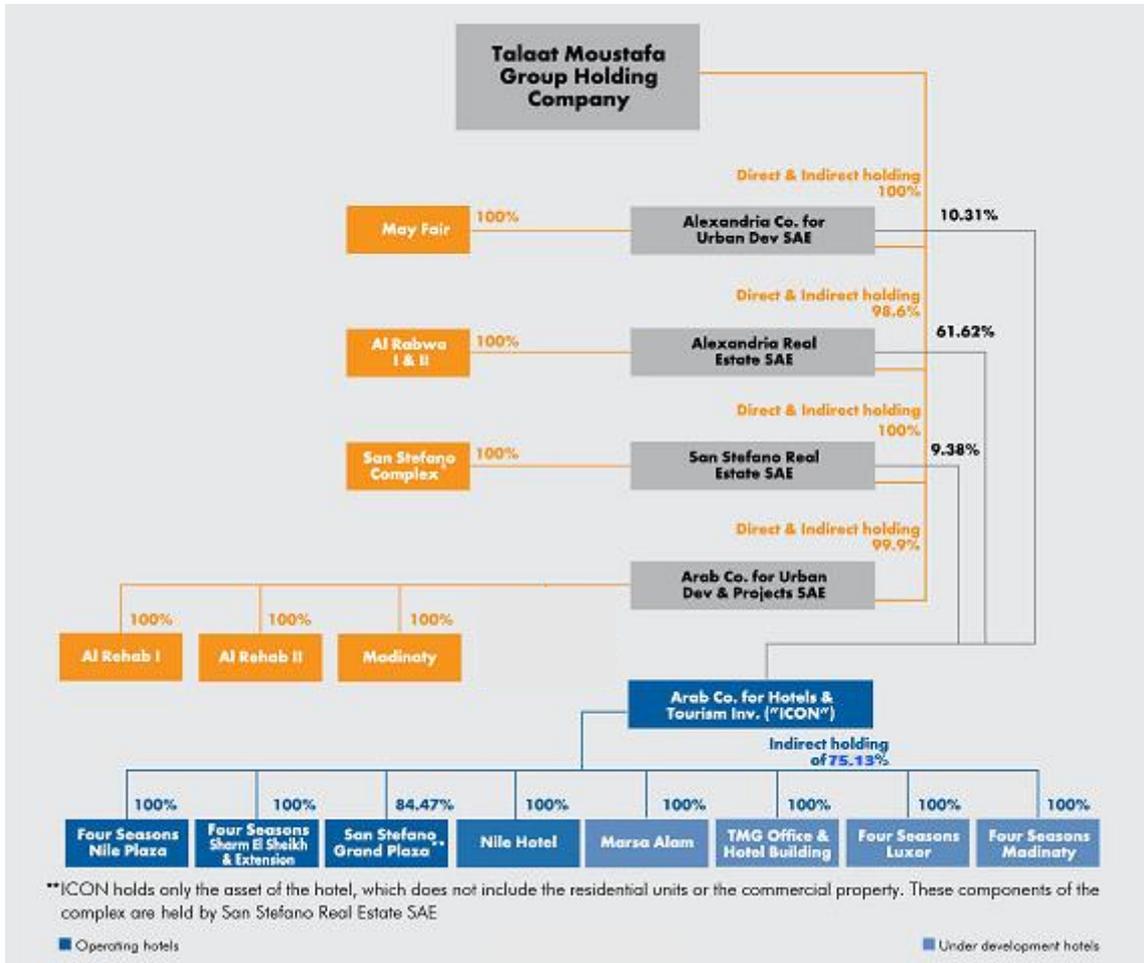
8. all sold except phase 6

Summary of H&R Assets in Operation

	Four Seasons Sharm El Sheikh	Four Seasons Nile Plaza	San Stefano Grand Plaza	Kempinski Nile Hotel
% owned(1)	100%	100%	84.47%	100%
Location	Sharm El Sheikh	Cairo	Alexandria	Cairo
Rooms/keys	200	366	118	191
Units	146	128	945	0
Sold	144	125	924	n/a
Ave. price	EGP 26,435 psm	EGP 38,775 psm	EGP 14,920 psm	n/a
CBRE Value (30-Jun-08)	EGP 1.99 billion (3)	EGP 2.44 billion	EGP 2.36 billion	EGP 523.57 MN
Commence	Nov-98	Sep-97	Feb-99	Aug-03
Complete(2)	May-02	Aug-04	Jul-07	Jul- 10
Star rating	5 Star	5 Star	5 Star	5 Star
Facilities	8 restaurants	9 restaurants	9 restaurants	4 restaurants
	2 lounge bars	Spa	Marina	4 meeting rooms
	Spa	Ballroom	Shopping mall	Business centre
	Ballroom	11 meeting rooms	Offices	Executive club
	4 meeting rooms	Business centre	Ballroom	Mini Business Center
	Business centre	Shopping mall		

1. % owned by ICON, which is 81% indirectly owned by TMG 2. Commencement of operations
3. Including EGP 1.03 bn related to Marsa AL Sadeed (extension) which is 100% owned by TMG

Group Structure



About TMG Holding

TMG Holding has under its umbrella a group of companies:

- Arab Company for Projects and Urban Development, which owns and manages:
 - AL-Rehab and Madinaty projects in New Cairo District
- Alexandria Real Estate Investment Company, which owns and manages:
 - AL-Rabwa Compound in EL-Sheikh Zayed City
- San Stefano Real Estate Investment Company, which owns and manages:
 - San Stefano Alexandria
- Alexandria Company for Urban Projects, which owns and manages:
 - May Fair Project in AL-Shorouk City
- Arab Company for Hotel and Tourist Investments, which owns controlling stakes in its investments in:
 - Four Seasons Nile Plaza in Garden City
 - Four Seasons Resort Sharm EL-Sheikh
 - Four Seasons Alexandria at San Stefano
 - Kempinski Nile Hotel in Cairo
 - Under development Hotels

Capital:

Issued and paid-in capital: EGP 20.635 BN

Number of shares: 2.063 BN at a par value of EGP 10/share

Shareholders' Structure:

- TMG RE & Tourism Investment (including Talaat Mostafa Family & Saudi group) 50.27%
- Other major shareholders 25.75%
- Other major shareholders including free float 23.98%

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