

## TMG Holding announces record results in 1Q2024, with property sales of EGP61.8bn, up 206% y-o-y and highest quarterly revenues in recent history on the back of the consolidation of Legacy Hospitality; sales until 29 May 2024 reach an unprecedented EGP115bn, with sales in Saudi Arabia exceeding EGP32bn achieved in just 10 working days

Talaat Moustafa Group Holding (TMG Holding) has released its consolidated financial results for the first quarter, ending on the 31<sup>st</sup> of March 2024 (1Q2024).

### Key 1Q2024 financial highlights

- Total revenues of EGP6.79bn, up 53% y-o-y, in addition to EGP1.34bn in profits arising from the consolidation of Legacy Hospitality, and EGP661mn in other income, inclusive of commissions from third parties sales
- Gross profit of EGP3.3bn, up 114% y-o-y, of which 72% or EGP2.4bn was generated by recurring income lines
- Profit before minority interest of EGP4.14bn, up by almost 6x y-o-y
- Net profit after tax and minority interest of EGP2.39bn, up 220% y-o-y
- Net cash position of EGP23.9bn as at end-1Q2024
- Total backlog of EGP180bn, up from EGP85.5bn in 1Q2023, and remaining collections of EGP150bn

### Financial review

TMG Holding closed 1Q2024 achieving total revenues of EGP8.13 billion, expanding significantly by 76% y-o-y. This figure includes revenues generated by real estate activity, recurring income lines and a gain related to the consolidation of Legacy Hospitality. The remarkable performance was driven by solid growth in real estate deliveries and recurring income lines. Development revenue reached EGP3.48bn, showing a substantial increase of 21% y-o-y. This growth was supported by the timely delivery of 404 residential and non-residential properties in the Group's projects. Furthermore, the recurring income segments, which include hotels, sporting clubs, retail, and other activities, experienced remarkable growth of 114% y-o-y. These segments contributed EGP3.34bn or 41% of the total revenue. Additionally, the Group recorded EGP1.34bn in profits arising from the consolidation of Legacy Hospitality. Moreover, the company recorded EGP661mn in other income, stemming primarily from commissions associated with the resales for third parties, a novel and unique recurring revenue stream emerging during 2023, enough to cover and exceed the Group's general expenses. TMG Holding's net income after tax and minority interest expense reached EGP2.39bn, expanding by a unprecedented 220% year-on-year.

TMG Holding maintained a strong financial position with total cash equivalents and liquid investments amounting to EGP29.3bn. The company's net cash position stood at an unprecedented EGP23.9bn, highlighting its solid liquidity. Debt-to-equity ratio dropped drastically to just 1-to-11 or 8.9% as of 31<sup>st</sup> March 2024, one of the lowest in the market. Importantly, in line with previous guidance, the Group's hospitality arm has completed the early settlement of approximately USD217mn of foreign exchange-denominated liabilities in March 2024. This significantly reduced the risk of the operation and released additional foreign exchange-denominated cash flows previously allocated to servicing these liabilities.

## Real estate sector

In the first three months of the year, the Group's strategic and managerial efforts have led to a remarkable increase in contractual real estate sales, reaching EGP61.8 billion. This figure represents a substantial growth of 206% compared to the EGP20.17 billion recorded in the same period of the previous year, setting a new record in Egypt's real estate sector and reinforcing the Group's leadership position. The sales from the Group's real estate companies alone amounted to EGP38 billion, surpassing the previous year's record of EGP12.2 billion by 211%. Additionally, the Group generated EGP23.8 billion in sales on behalf of other entities, earning significant sales commissions that contribute to covering general and administrative expenses. The momentum of strong performance has continued beyond March, with total contractual real estate sales and reservations reaching over EGP115.3 billion by 29 May 2024. This represents an extraordinary year-on-year growth, approximately 2.68 times the sales achieved in the corresponding period of the previous year. Notably, this includes about EGP32 billion from the sale of 2,219 units in the newly launched sustainable city, "Banan," located east of Riyadh, Kingdom of Saudi Arabia. These sales were accomplished within just thirteen working days since its soft launch and ten working days following its official launch on Wednesday, 15 May 2024, highlighting the project's remarkable success and demand. The remarkable sales figure achieved during the period serves as a powerful testimony to the brand strength of TMG products, underscored by the exceptional quality of our developments and communities, robust brand recognition in both Egypt and Saudi Arabia. Importantly, the success achieved to date in Saudi Arabia indicate that there will be an increase in the Group's foreign currency returns in the coming period, whether from its projects outside Egypt or the revenues of its new and existing hotels, boasting a total of some 5,000 hotel rooms.

As of the end of the first quarter of 2024, the backlog has surged to an unprecedented EGP180 billion, marking a significant increase of 110% from the EGP85.5 billion reported the previous year. This robust backlog, characterized by its stability and the high quality of its customers, stands as the largest in Egypt. It is expected to be transformed into future revenue over the next five years as the units are delivered. This ensures a clear outlook for the Group's revenue and earnings growth in the foreseeable future. The company anticipates maintaining and enhancing its profitability, supported by prior investments in site infrastructure, advantageous land costs, and potential future reductions in construction material expenses. These factors are projected to contribute to sustained profitability, positively impacting the Group's future financial statements. As of 29 May 2024, we estimate the size of the backlog at EGP232 billion\*.

During the first quarter of 2024, revenues from real estate activities experienced a notable increase, reaching approximately EGP3.48 billion, up from EGP2.87 billion recorded in the corresponding quarter of the previous year. This represents a healthy growth rate of 21% year-over-year, highlighting the Group's continued success and expansion in its core real estate operations, historically increasing sales volumes and prices.

Note (\*): Backlog estimate is not adjusted for revenues to be recognized in 2Q2024

## Hospitality sector

The Group's hotel segment, encompassing both the original hotel portfolio and the newly acquired Legacy Hotels and Tourism Projects, which includes 7 historical and iconic hotels, generated remarkable revenues of EGP3.68 billion in the first three months of 2024. This figure includes EGP1.34 billion in profits derived from the consolidation the newly acquired hotel portfolio. When compared to the operating revenues of EGP799 million from the same period in the previous year, this represents an extraordinary growth rate of 360%, underscoring the significant success and expansion of the Group's hospitality operations.

The completion of the acquisition of Legacy Hospitality, owner of a sizable portfolio of seven unique hotels in Cairo, Alexandria, Luxor and Aswan, positively affected the results of the hospitality sector and the Group as follows:

1. Integrating the business results of Legacy Hospitality within the Group's hotel sector results, which contributed EGP2.76 billion in additional revenues for 1Q2023.
2. Positive impact on retained earnings, with an increase of EGP16 billion as per March 2024 consolidated financial statements, related to the increased value of the Group's investments in the hotel sector after the acquisition and the entry of ADNEC & ADQ Holding as investors in the Group's hotel sector.
3. Full repayment of the FX-denominated debt of the hotel sector companies, amounting to USD 217 million, thus eliminating future currency exchange risks and providing full savings on financing costs associated, positively impacting the future profitability.
4. Maximize the recurring income activities for the company in the medium-term, boosting the foreign currency resources, as well as creating additional spare liquidity for future dividend pay-outs and/or reinvestment.

Additionally, this acquisition consolidated TMG's position as the leading player in Egypt's upper upscale and luxury hospitality segment, with the Group's hospitality arm now in control of 15 iconic properties, already operating and under development, located in the most sought-after locations in the country, totalling some 5,000 rooms upon full completion.

## Consolidated income statement

In EGPmn, unless otherwise stated

	1Q2023	1Q2024	Change
Development revenue	2,867.6	3,475.1	21%
Development cost	(2,045.3)	(2,552.0)	25%
<b>Gross profit from development</b>	<b>822.3</b>	<b>923.2</b>	<b>12%</b>
Hospitality revenue	799.2	2,337.9	193%
Hospitality cost	(351.7)	(345.5)	-2%
<b>Gross profit from hospitality operations</b>	<b>447.5</b>	<b>1,992.4</b>	<b>N/M</b>
Other recurring revenue*	770.6	979.2	27%
Cost of other recurring revenue	(478.4)	(557.1)	16%
<b>Gross profit from other recurring operations</b>	<b>292.2</b>	<b>422.0</b>	<b>44%</b>
<b>Total revenue</b>	<b>4,437.5</b>	<b>6,792.1</b>	<b>53%</b>
<b>Total gross profit</b>	<b>1,562.0</b>	<b>3,337.5</b>	<b>114%</b>
<i>Gross profit margin</i>	35.2%	49.1%	14.1pp
<i>Gains from hotel companies combination</i>	0.0	1,340.9	N/M
Selling and marketing expenses	(54.6)	(56.4)	3%
General, administrative, selling and marketing expenses	(265.6)	(386.7)	46%
Universal Health Insurance Act	(19.5)	(13.5)	-31%
Donations and governmental expenses	(129.7)	(178.7)	38%
Provisions (net)	(60.0)	(285.8)	N/M
Other income	187.3	661.0	253%
Capital gain (loss)	0.3	(0.5)	N/M
BoD remuneration	(0.7)	(1.1)	45%
FX gain (loss)	167.3	1,173.5	N/M
<b>Income before depreciation and financing expense</b>	<b>1,386.8</b>	<b>5,590.3</b>	<b>N/M</b>
Depreciation and amortisation	(110.9)	(201.0)	81%
Interest expense	(220.5)	(226.1)	3%
Net write-down of receivables	(9.5)	5.9	N/M
Goodwill write-down	0.0	0.0	N/M
<b>Net income before tax and minority interest expense</b>	<b>1,045.9</b>	<b>5,169.2</b>	<b>N/M</b>
Income tax	(345.7)	(1,033.2)	199%
<b>Net income before minority interest</b>	<b>700.1</b>	<b>4,136.0</b>	<b>N/M</b>
Minority interest	47.3	(1,745.9)	N/M
<b>Attributable net income</b>	<b>747.5</b>	<b>2,390.1</b>	<b>220%</b>

## Consolidated balance sheet

In EGPmn

	1Q2023	1Q2024
Property, plant and equipment	6,297.3	63,990.6
Investment properties	2,231.8	5,169.9
Intangible assets	3.4	4,067.3
Projects under construction	11,792.2	13,939.9
Goodwill	11,461.1	10,846.5
Investment in associates	107.3	103.9
Financial investments available for sale	718.8	854.3
Financial investments held to maturity	4,210.0	9,668.8
Other financial assets	496.2	343.5
Deferred tax assets	234.9	166.6
Usufruct rights	0.0	81.0
<b>Total non-current assets</b>	<b>37,553.1</b>	<b>109,232.3</b>
Development properties	78,268.6	93,973.5
Inventories	983.0	2,337.2
Notes receivable – for delivered units	5,555.2	16,891.8
Notes receivable – for undelivered units	37,392.2	36,322.4
Prepaid expenses and other debit balances	8,019.5	14,628.7
Financial investments held to maturity	3,103.5	12,781.5
Hotel current assets	0.0	5,346.9
Financial assets at fair value	306.5	463.7
Cash and cash equivalents	5,952.4	5,532.5
<b>Total current assets</b>	<b>139,580.9</b>	<b>188,278.2</b>
<b>Total assets</b>	<b>177,134.0</b>	<b>297,510.5</b>
Paid-in capital	20,635.6	20,635.6
Legal reserve	398.0	432.2
General reserve	61.7	61.7
FX reserve	208.7	1,231.6
Revaluation reserve	19.9	81.8
Retained earnings	14,974.3	37,637.9
<b>Shareholders' equity</b>	<b>36,298.4</b>	<b>60,080.9</b>
Minority interest	987.6	56,346.5
<b>Total equity</b>	<b>37,286.0</b>	<b>116,427.4</b>
Bank loans	7,668.0	3,762.8
Sukuk	1,400.0	0.0
Long-term liabilities	15,880.8	26,832.3
Other financial obligations	427.6	316.1
Deferred tax liabilities	582.5	923.4
Long term lease liabilities	0.0	65.2
<b>Total non-current liabilities</b>	<b>25,959.0</b>	<b>31,899.8</b>
Bank overdrafts	51.9	10.3
Bank facilities	1,558.8	883.3
Current portion of bank loans	285.2	712.7
Current portion of sukuk	350.0	0.0
Notes payable	15,322.7	15,307.6
Advance payments - collected	40,420.9	55,223.6
Advance payments - checks	37,392.2	36,322.4
Dividends payable	468.2	587.4
Provisions	358.2	1,079.5
Taxes payable	1,202.9	2,007.8
Hotels current liabilities	0.0	3,091.4
Accrued expenses and other credit balances	16,478.0	33,947.4
Current lease liabilities	0.0	9.9
<b>Total current liabilities</b>	<b>113,889.0</b>	<b>149,183.3</b>
<b>Total liabilities</b>	<b>139,848.0</b>	<b>181,083.2</b>

## Condensed cash flow statement

In EGPmn

	1Q2023	1Q2024
Net profit before taxes and non-controlling interest	1,045.9	5,169.2
Depreciation and amortization	110.9	186.6
Other adjustments	(237.6)	(1,151.7)
<b>Gross operating cash flow</b>	<b>919.2</b>	<b>4,204.1</b>
Net working capital changes	324.6	777.0
Change in accrued income tax	(128.9)	(122.9)
<b>Net operating cash flow</b>	<b>195.7</b>	<b>654.1</b>
<b>Net investment cash flow</b>	<b>(2,737.8)</b>	<b>(64,681.8)</b>
<b>Net financing cash flow</b>	<b>2,395.8</b>	<b>49,880.1</b>
Foreign currency valuation differences	167.3	1,173.5
Foreign currency translation differences from translation of foreign operations	96.8	1,023.5
Acquisition adjustment	0.0	9,976.9
<b>Net change in cash</b>	<b>117.8</b>	<b>(1,973.7)</b>

— Ends —

### About the company

Talaat Moustafa Group Holding S.A.E. (TMG Holding) is a leading publicly held Egyptian developer of large-scale integrated communities and tourism investment projects. It has a total land of over 97 million square meters spread across Egypt and additional 10 million square meters in Riyadh, Saudi Arabia. Since its inception, has delivered residential units supporting formation of a community with some 0.8 million people in all of TMG Holding's projects, accompanied by high-quality amenities and infrastructure. Aside from other renowned projects, TMG Holding is the developer of Madinaty, its flagship community occupying 33.6mn square meters in East Cairo. It owns four upscale hotels with a total of 1,041 operational rooms in Cairo, Sharm El Sheikh and Alexandria, and 940 additional rooms under construction. The company concluded the acquisition of a significant stake in 7 historical properties located at high traffic locations across the country, which increase the room count by c2,500 keys.

### Note on forward-looking statements

In this communication, TMG Holding may make forward-looking statements reflecting management's expectations on business prospects and growth objectives as of the date on which they are made. These statements are not factual and represent beliefs regarding future events, many of which are uncertain and subject to changing conditions of the competitive landscape, macroeconomic and regulatory environment and other factors beyond management's control. Therefore, recipients of this communication are cautioned not to place undue reliance on these forward-looking statements.

### Shareholder structure as of 31 March 2024

