



**PALM HILLS**  
DEVELOPMENTS

## FY2020 Earnings Release

**PHD realize New Sales of EGP12.8 billion in FY2020, exceeding the previously announced target of EGP12 billion. Net Debt decreased to an all-time low of EGP0.6 billion. Receivables amounted to EGP21.8 billion, covering Net Debt 34x. Net Debt/EBITDA stood at 0.6x. Cash Flows from Operations recorded an all-time high of EGP1.9 billion. The Board of Directors is adopting a policy to increase Shareholders value by having a sustainable Cash Dividends program and Share Buybacks. The Board of Directors propose a Cash Dividends of EGP0.10 per share, subject to Shareholders' approval in the next General Assemble Meeting**

**Cairo on March 1, 2021** - Palm Hills Developments S.A.E. ("PHD" or "the Company"), a leading real estate developer in Egypt, announce its consolidated financial and operating results for the financial year ended December 31, 2020.

### Key Highlights

- New Sales (Residential and Commercial) recorded a growth of 86% QoQ reaching EGP5.5 billion in 4Q2020, compared to EGP2.9 billion in 3Q2020. The increase in New Sales during the quarter was supported by the steady improvements in home buying transactions following the easing of restrictions and precautionary measures previously imposed in relation to COVID-19, complemented by demand for Ready to Move products, the YoY surge in commercial sales and uptake of other products mostly in East and West Cairo. In FY2020, New Sales stood at EGP12.8 billion, translating into 1,840 units sold, surpassing the previously announced full year target of EGP12.0 billion.
- Commercial New Sales amounted to EGP1.9 billion during FY2020, a notable growth of 93% YoY, mostly driven by the sale of office space in Golf Central for EGP1.1 billion. In 4Q2020, Commercial New Sales recorded EGP1.0 billion, a growth of 81% YoY and 120% QoQ.
- Cash flows from Operations recorded EGP1.9 billion in FY2020, up from EGP1.7 billion during the previous period, a growth of 13% YoY.
- The Board of Directors propose Cash Dividends of EGP0.10 per share, as part of a sustainable 5 years Dividends program, to be complemented by Share Buybacks.
- Revenue reached EGP5.2 billion during FY2020. Revenue grew 8% QoQ to EGP1.6 billion in 4Q2020, mostly due to higher contribution from Ready to Move products sold and recognized during the period complemented by an uptake in New Sales. Gross Profit stood at EGP2.0 billion in FY2020, a gross margin of 39%, an increase of 2 pp YoY. Gross Profit for the quarter reached EGP699 million, translating into 22% growth QoQ, with a margin of 42%. EBITDA amounted to EGP1.1 billion in FY2020, a margin of 22%. EBITDA for the quarter was EGP414 million, an increase of 20% QoQ. Net Profit after Tax and Minority Interest amounted to EGP718 million in FY2020, a Net Profit margin of 14%. While Net Profit for the quarter recorded EGP203 million, a margin of 12%.
- Net Debt recorded an all-time low level of EGP639 million by end of FY2020, a decrease of EGP1.1 billion from FY2019, in line with Management's target to optimize and reduce leverage.
- The Company spent EGP1.5 billion on construction activities during FY2020. In Badya, the development of 195 units' concrete skeleton was completed alongside blockworks of 174 units. In Palm Hills New Cairo ("PHNC"), the Company released 277 units from construction prior to year-end. While the remaining units of PHNC's phase 1 villas were completed in terms of concrete skeleton and will be handed over during 1H2021. In the Crown, PHD released 63 units from construction and handed 9 units to clients prior to year-end. The Company completed 189 units in Capital Gardens and delivered 170 units in FY2020. PHD commenced construction of 4 blocks (out of 6) in Palm Parks phase 2, with concrete skeleton nearing completion.
- Concerning handovers, the Company delivered 633 residential and commercial units during FY2020 mainly in the following projects: Capital Gardens, Woodville, Golf Extension, Hacienda Bay, Golf Views, Palm Parks, Palm Valley and PK2 Extension. The Company will be delivering units ahead of planned schedule in several projects including The Crown (2 years ahead of schedule) and Palm Hills New Cairo (1 year early).
- By end of 2020, PHD had Ready to Move inventory worth c. EGP3.2 billion (246 units) across several projects in West Cairo, East Cairo and North Coast. The Ready to Move products continue to be in high demand and is expected to further solidify the Company's financial position during the coming quarters.

### **Yasseen Mansour, Chairman & Group CEO Comments:**

I am pleased to share with you our operational and financial results for the year ended December 31, 2020, where our performance witnessed remarkable improvements amid the current challenging environment.

We achieved New Sales of EGP12.8 billion during FY2020, surpassing our previously announced target of EGP12.0 billion despite the ongoing COVID-19 situation, supported by the steady recovery in home buying transactions, complemented by the growing demand for our Ready to Move products, and strong uptake in commercial offerings.

The Company sold 1,840 units and handed over 633 units during the year. We continue to outpace our handover schedule on almost all projects on contractual delivery dates and are ahead of schedule in many projects including the Crown and Palm Hills New Cairo.

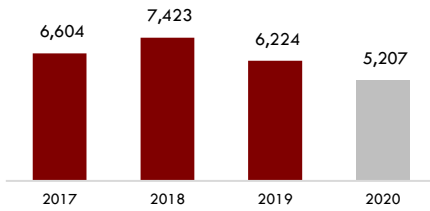
As we promised the market, we successfully reduced our Net Debt to a record low of EGP0.6 billion in FY2020, compared to EGP1.7 billion by end of FY2019. Our Balance Sheet maintained a strong position with Total Equity (unadjusted) of EGP9.5 billion and Receivables of EGP21.8 billion. Net Debt/EBITDA stood at 0.6x, supported by steady improvements in the Company's Cash Flow position.

We expect to engage in further securitization transactions during 2021 for a gross portfolio of c. EGP2.5 billion, to improve our Balance Sheet further. We achieved positive Cash Flows from Operations of EGP1.9 billion in FY2020, a growth of 13% YoY.

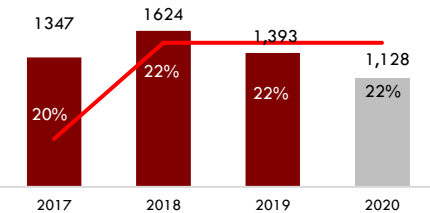
Given our improving Cash Flow position, on February 28, 2021, the Company's Board of Directors agreed to put forward a proposed Cash Dividends of EGP0.10/share, subject to our Shareholders' approval in the upcoming Annual General Assembly, which is planned towards end of March 2021. Moving forward, we expect to give back excess Cash Flows to Shareholders in the form of Cash Dividends and Share Buyback, depending on the stock market conditions. The Cash Dividends is not foreseen as a one-off, we expect to have a steady stream of dividends over the next 5 years. We have purchased c.2.5% in treasury shares since we adopted the Share Buyback program last year. We are planning to terminate and reduce Issued Capital by 36.3 million shares later this year.

We expect to spend EGP2.5 billion on construction during FY2021 with further acceleration in the pace of handovers and deliveries target of 1,450 units. The Company is eyeing New Sales of EGP15 billion, capitalizing on the Ready to Move products, Badya, The Crown, Palm Hills Alexandria, Palm Hills New Cairo and further value unlocking from commercial assets.

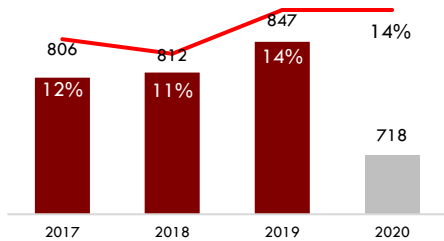
**Revenue**  
(2017-2020, EGP Million)



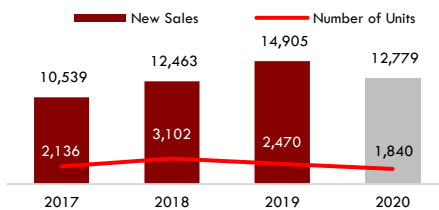
**EBITDA & EBITDA Margin**  
(2017-2020, EGP Million)



**Net Profit after Tax & Minority Interest**  
(2017-2020, EGP Million)



**New Sales, All Regions<sup>1</sup>**  
(2017-2020, EGP Million)



### Financial Review

EGP Million	4Q2020	4Q2019	Change	FY2020	FY2019	Change
Revenue	1,658	2,604	(36%)	5,207	6,224	(16%)
Gross Profit	699	891	(22%)	2,014	2,329	(14%)
Gross Profit margin	42%	34%	8pp	39%	37%	2pp
EBITDA	414	573	(28%)	1,128	1,393	(19%)
EBITDA margin	25%	22%	3pp	22%	22%	-
Net Profit before Tax & Minority Interest	228	349	(35%)	793	1,005	(21%)
Net Profit after Tax & Minority Interest	203	302	(33%)	718	847	(15%)
Net Profit margin	12%	12%	-	14%	14%	-

In FY2020, Revenue reached EGP5.2 billion, a decrease of 16% YoY, mostly due to 32% YoY drop in delivered units and 14% YoY decrease in New Sales, considering the ongoing COVID-19 situation which negatively affected the appetite for buying properties during 1H2020. Nevertheless, said decrease was offset by the recognition of higher value units with higher associated margins. Revenue for 4Q2020 grew 8% QoQ to EGP1.6 billion, driven by higher contribution from Ready to Move products that were sold and recognized during the period.

Gross Profit stood at EGP2.0 billion in FY2020, a gross margin of 39%, an increase of 2 pp compared to FY2019. Said improvement in margin was largely driven by the following projects: The Crown, Palm Hills New Cairo, Badya and Golf Central. Gross Profit for the quarter amounted to EGP699 million, a growth of 22% QoQ, with a margin of 42%.

EBITDA reached EGP1.1 billion in FY2020, a margin of 22%. EBITDA for the quarter was EGP414 million, a growth of 20% QoQ. Net Profit after Tax and Minority Interest amounted to EGP718 million in FY2020, a Net Profit margin of 14%. While Net Profit for the quarter recorded EGP203 million, a margin of 12%.

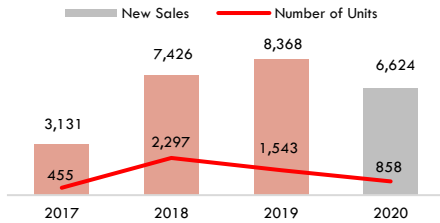
Net Debt decreased to an all-time low of EGP639 million by end of FY2020, a drop of c. EGP1.1 billion from FY2019, in line with the Company's strategy to optimize and reduce leverage. Receivables amounted to EGP21.8 billion, covering Net Debt 34 times. Net Debt/EBITDA stood at 0.6 times by end of FY2020.

### Operational Review

New Sales (Residential and Commercial) reached EGP12.8 billion in FY2020, translating into 1,840 units sold, surpassing the previously announced full year target of EGP12.0 billion.

During 4Q2020, New Sales recorded a growth of 86% QoQ to EGP5.5 billion, compared with EGP2.9 billion in 3Q2020. The increase in New Sales during the quarter was supported by the steady improvements in home buying transactions following the easing of restrictions and precautionary measures previously imposed in relation to COVID-19, complemented by demand for Ready to Move

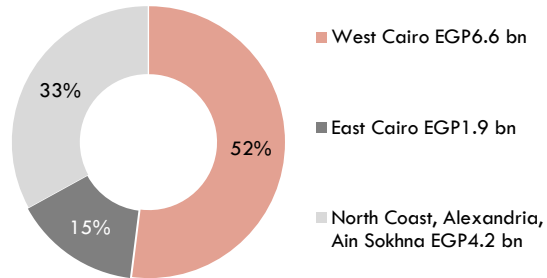
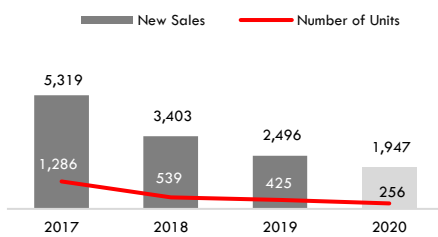
### New Sales, West Cairo<sup>1</sup> (2017-2020, EGP Million)



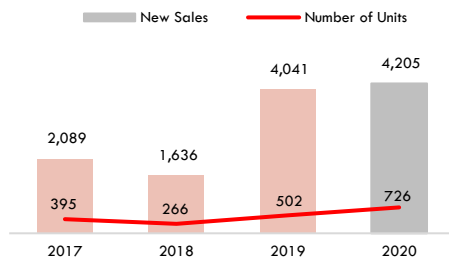
products, the YoY surge in commercial sales and uptake of other products mostly in East and West Cairo.

While Commercial New Sales amounted to EGP1.9 billion during FY2020, a notable growth of 93% YoY mostly generated from the sale of office space in Golf Central for EGP1.1 billion, followed by EGP368 million achieved in Westlane Boulevard, Lake Yard by EGP216 million and Hale Town by EGP126 million. In 4Q2020, Commercial New Sales reached EGP1.0 billion, a growth of 81% YoY and 120% QoQ. The following chart shows percentage contribution of each operating region to New Sales during FY2020:

### New Sales, East Cairo<sup>1</sup> (2017-2020, EGP Million)



### New Sales, North Coast, Alexandria, Ain Sokhna<sup>1</sup> (2017-2020, EGP Million)



In West Cairo, New Sales amounted to EGP6.6 billion, with residential segment contributing the lion's share of EGP4.9 billion. The largest contributors to residential sales were The Crown and Badya, following the successful launch of RAE, a new phase in Badya which recorded New Sales of EGP720 million during 4Q2020, accompanied by a strong uptake of Ready to Move products mainly in Golf Extension and Woodville. On the Commercial front, Golf Central demonstrated New Sales worth EGP1.1 billion during the year.

In East Cairo, New Sales stood at EGP1.9 billion in FY2020, supported by healthy sales in Palm Hills New Cairo.

In the North Coast, Alexandria and Ain Sokhna, New Sales reached EGP4.2 billion in FY2020, a growth of 4% YoY, supported by the demand for secondary homes on the Mediterranean and Red Sea during the summer season and the launch of Palm Hills Sokhna (Laguna Bay).

The Company delivered 633 residential and commercial units during FY2020 largely in the following projects: Capital Gardens, Woodville, Golf Extension, Hacienda Bay, Golf Views, Palm Parks and Palm Valley. PHD handed over 130 units during 4Q2020.

<sup>1</sup> - New Sales represent Gross New Sales which includes residential and commercial segments.

### Consolidated Income Statement <sup>2</sup> (Egyptian Accounting Standards)

EGP Thousand	4Q2020	4Q2019	%	FY2020	FY2019	%
<b>Revenue</b>	<b>1,658,314</b>	<b>2,604,404</b>	(36%)	<b>5,207,530</b>	<b>6,224,424</b>	(16%)
Cost of Revenue	(959,288)	(1,713,098)	(44%)	(3,193,423)	(3,895,402)	(18%)
<b>Gross Profit</b>	<b>698,826</b>	<b>891,306</b>	(22%)	<b>2,014,107</b>	<b>2,329,022</b>	(14%)
Gross Profit margin	42%	34%	8pp	39%	37%	2pp
General Administrative, Selling and Marketing Expenses	(284,347)	(317,982)	(11%)	(886,087)	(936,434)	(5%)
<b>EBITDA</b>	<b>414,479</b>	<b>573,324</b>	(28%)	<b>1,128,020</b>	<b>1,392,588</b>	(19%)
EBITDA margin	25%	22%	3pp	22%	22%	-
Administrative Depreciation	(40,075)	(25,337)	58%	(105,251)	(80,340)	31%
<b>Operating Profit</b>	<b>374,403</b>	<b>547,987</b>	(32%)	<b>1,022,769</b>	<b>1,312,247</b>	22%
Less:						
Finance Cost & Interests	(79,777)	(116,774)	(32%)	(256,048)	(244,647)	5%
Securitization of Notes Receivables	(55,193)	(39,523)	40%	(55,193)	(80,524)	(31%)
Interest on Land Purchase Liabilities	(26,803)	(81,077)	(67%)	17,704	(235,495)	(108%)
Provisions	(1,400)	915	NA	(1,400)	68,663	(102%)
Add:						
Interest Income - Amortization of Discount on Notes Receivables	4,280	22,359	(81%)	17,121	89,435	(81%)
Gain on Investment in Fair Value through profit or loss	2,557	2,753	(7%)	8,463	11,046	(23%)
Interest Income on Held to Maturity Investments	10,273	11,989	(14%)	39,378	84,019	(53%)
<b>Net Profit Before Income Tax &amp; Minority Interest</b>	<b>228,341</b>	<b>348,630</b>	(35%)	<b>792,794</b>	<b>1,004,744</b>	(21%)
Income Tax Expense	(9,514)	(37,048)	(74%)	(37,172)	(97,602)	(62%)
Deferred Tax	(261)	(372)	(30%)	(500)	(916)	(45%)
<b>Net Profit After Tax</b>	<b>218,566</b>	<b>311,210</b>	(30%)	<b>755,121</b>	<b>906,226</b>	(17%)
Non-Controlling Interest	(15,345)	(8,734)	76%	(37,354)	(59,441)	(37%)
<b>Net Profit After Tax &amp; Minority Interest</b>	<b>203,222</b>	<b>302,476</b>	(33%)	<b>717,767</b>	<b>846,785</b>	(15%)
Net Profit After Tax & Minority Interest margin	12%	12%	-	14%	14%	-

2- The Company's consolidated financial statements for the period ended December 31, 2020, prepared in accordance with Egyptian Accounting Standards ('EAS'), can be downloaded from our Company's website: [www.palmhillsdevelopments.com](http://www.palmhillsdevelopments.com)

### Consolidated Balance Sheet (Egyptian Accounting Standards)

EGP Thousand	December 31, 2020	December 31, 2019
<b>Long-Term Assets</b>		
Investments in Associates	150,482	143,370
Investment Property	386,524	393,483
Notes Receivable - Long Term	15,338,184	15,318,677
Projects Under Construction	297,328	1,739,437
Advance Payments for Investments Acquisitions	313,390	194,907
Fixed Assets (Net)	2,762,305	1,353,869
Deferred Tax Asset	3,049	3,549
Employee Stock Ownership Plan	53,040	68,172
Other Long - Term Assets	1,505	1,391
<b>Total Long - Term Assets</b>	<b>19,305,809</b>	<b>19,216,854</b>
<b>Current Assets</b>		
Works in Process	7,287,943	8,115,250
Held to Maturity Investments	1,369,132	924,376
Cash	1,579,250	1,375,178
Notes Receivable - Short Term	5,025,563	4,691,813
Investments at Fair Value	215,713	87,513
Accounts Receivable	1,480,151	1,272,279
Suppliers - Advance Payments	514,994	451,528
Debtors & Other Debit Balances	1,084,173	917,361
Due from Related Parties	440,619	418,965
<b>Total Current Assets</b>	<b>18,997,540</b>	<b>18,254,266</b>
<b>Total Assets</b>	<b>38,303,349</b>	<b>37,471,118</b>
<b>Current Liabilities</b>		
Banks - Credit Balances	90,967	87,238
Banks - Overdraft	1,034,506	963,312
Advances from Customers	15,629,029	14,212,609
Completion of Infrastructure Liabilities	58,063	95,083
Provisions	176,792	180,718
Current Portion of Land Purchase Liabilities	134,159	235,683
Notes Payable - Short Term	1,030,233	1,750,902
Current Portion of Term Loans	183,435	295,133
Suppliers & Contractors	834,287	762,160
Income Tax Payable	37,270	97,622
Creditors & Other Credit Balances	784,589	630,784
Due to Joint Arrangements Partners	1,179,376	1,081,182
Due to related Parties	2,535	6,639
<b>Total Current Liabilities</b>	<b>21,175,244</b>	<b>20,399,065</b>
Working Capital	(2,177,704)	(2,144,802)
<b>Total Investment</b>	<b>17,128,104</b>	<b>17,072,053</b>
<i>Financed as Follows:</i>		
<b>Shareholders' Equity</b>		
Issued and Paid-In Capital	6,235,199	6,235,199
Legal Reserve	779,730	738,358
Special Reserve	176,513	176,513
Treasury Shares	(46,990)	-
ESOP Re-measurement Reserve	(24,960)	(9,828)
Retained Earnings	1,036,333	995,811
Net Profit for the period	717,768	846,785
<b>Equity Attributable to Equity Holders of Parent Co.</b>	<b>8,873,593</b>	<b>8,982,838</b>
Non-Controlling Interest	583,302	554,742
<b>Total Shareholders' Equity</b>	<b>9,456,895</b>	<b>9,537,581</b>
<b>Long Term Liabilities</b>		
Land Purchase Liabilities	90,488	150,258
Notes Payable - Long Term	2,151,086	1,438,142
Other Long-Term Liabilities - Residents' Association	2,935,783	2,372,856
Loans	2,493,851	2,801,073
Due to Joint Arrangements Partners	-	772,143
<b>Total Long-Term Liabilities</b>	<b>7,671,209</b>	<b>7,534,472</b>
<b>Total Equity &amp; Long-Term Liabilities</b>	<b>17,128,105</b>	<b>17,072,053</b>

### Cash Flow Statement

(Egyptian Accounting Standards)

EGP Thousand	December 31, 2020	December 31, 2019
<b>Net Profit for the Period (Before Income Tax &amp; Non-Controlling Interest)</b>	<b>792,794</b>	<b>1,004,744</b>
Administrative Depreciation	125,124	102,206
Provision Formed	1,400	1,476
Finance Costs & Interest	256,048	244,647
Interest on Discounted Receivables	55,193	80,524
Interest on Land Purchase Liabilities	109,844	235,495
Gain (loss) on Disposal of Fixed Assets	(75)	(486)
Share of Profit/Loss of Associates	4,888	(13,753)
Interest Income - Amortization of Discount on Notes Receivables	(17,121)	(89,435)
Gains on Investments in Fair Value through Profit or Loss	(8,463)	(11,046)
Gains and losses on Held to Maturity Investments	(39,378)	(84,019)
Interest Rebate from Land Purchase Liabilities	(127,548)	(70,139)
<b>Operating Profit Before Changes in Working Capital Items</b>	<b>1,152,706</b>	<b>1,400,214</b>
Cash flow from Operating Activities		
Change in Work in Process	722,074	(313,727)
Change in Held to Maturity Investments	(444,755)	826,442
Change in Notes Receivables	(336,137)	(2,694,298)
Change in Investments in Fair Value through Profit or Loss	(128,200)	(11,646)
Change in Accounts Receivable	(207,871)	(210,574)
Change in Suppliers - Advance Payments	(63,466)	42,844
Change in Debtors & Other Debit Balances	(166,812)	(410,218)
Change in Due from Related Parties	(21,654)	(59,333)
Change in Advances from Customers	1,416,419	2,727,800
Change in Completion of Infrastructure	(37,021)	-
Provisions	(5,326)	(2,325)
Change in Notes Payables	9,979	(293,825)
Change in Due to Related Parties	(4,104)	(3,717)
Change in Suppliers & Contractors	72,126	57,720
Income Tax Paid	(97,524)	(251,549)
Change in Creditors and Other Credit Balances	153,804	13,565
Change in Other Long Term - Residents' Association	562,927	878,378
Change in Guaranteed Payments - Joint Arrangements	(673,948)	(9,772)
<b>Net Cash (Used In) Operating Activities</b>	<b>1,903,218</b>	<b>1,685,980</b>
Cash Flows from Investing Activities		
Payments for Purchase of Fixed Assets	(52,719)	(35,632)
Proceeds from Sale of Fixed Assets	543	958
Payments for Sisters Companies	(12,000)	(50,000)
Payments to Associates Investment	(118,483)	(309)
Payments for Projects Under Construction	(40,528)	(10,129)
Payments Advance for Investments	(1,000)	(25,731)
Other Payments	(114)	-
Proceeds from Investments in Fair Value through Profit or Loss	8,463	11,046
Proceeds from Held to Maturity Investments	39,378	84,019
<b>Cash Flows from Investing Activities</b>	<b>(176,461)</b>	<b>(25,778)</b>
Cash Flows from Financing Activities		
Credit Balance	3,729	29,502
Banks - Overdraft	71,194	65,505
Treasury Shares	(46,990)	-
Adjustments to Retained Earnings	(764,891)	(300,177)
Minority Interests/Dividends Distribution	(8,794)	(9,789)
Deferred Taxes	-	3
Repayment of Loans	(930,148)	(2,097,046)
Proceeds from Loans	464,455	1,396,413
Finance Costs & Interests	(311,240)	(325,172)
<b>Net Cash Provided by Financing Activities</b>	<b>(1,522,685)</b>	<b>(1,240,761)</b>
Net Cash Flow During the Period	204,072	419,440
Cash & Cash Equivalents at Beginning of the Period	1,375,178	955,737
<b>Cash &amp; Cash Equivalents as at December 31, 2020</b>	<b>1,579,250</b>	<b>1,375,178</b>



## FY2020 Earnings Release

### About Palm Hills Developments

Palm Hills Developments ("PHD"), a leading real estate developer in Egypt, is a joint stock company established in 1997. The Company builds integrated communities and has one of the most diversified land bank portfolios, spreading over 42.3 million square meters ("sqm"). PHD's product offerings include primary homes on both West Cairo and East Cairo and Alexandria, as well as secondary homes in the North Coast (Mediterranean Sea) and Ain Sokhna (Red Sea).

As at end of FY2020, PHD delivered 11,326 units within its developments. Today, PHD has 9 projects under development, 3 projects in West Cairo, 3 projects in East Cairo and 3 projects in the North Coast and Alexandria, in addition to 7 new projects including 6 co-developments, translating into a sales backlog of c.EGP16 billion. PHD is one of the most liquid and actively traded stocks on the Egyptian Stock Exchange and is traded under the symbol "PHDC.CA". For more information, please visit: [www.palmhillsdevelopments.com/](http://www.palmhillsdevelopments.com/)

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### Disclaimer

This presentation contains statements that could be construed as forward looking. These statements appear in several places in this presentation and include statements regarding the intent, belief or current expectations of the number of units to be delivered, construction spending, projects' timelines and estimates regarding future growth of the business, financial results and other aspects of the activity and situation relating to the Company. Such forward looking statements are no guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. You are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date of this presentation, which is not intended to reflect Palm Hills Developments business or acquisition strategy or the occurrence of unanticipated events.