

**PHD realize New Sales of EGP10.7 billion in 1H2022, an increase of 38% YoY. Revenue stood at EGP6.9 billion, a remarkable growth of 73% YoY. Net Profit After Tax & Minority Interest amounted to EGP558 million, an increase of 21% YoY**

**Cairo on August 17, 2022** - 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 period ended June 30, 2022.

### Financial Highlights

- Revenue grew 73% YoY to EGP6.9 billion in 1H2022. Said growth resulted from the YoY increase in new sales of primary and secondary homes as well as commercial units, the YoY increase in handed over units, complemented by contribution from ready to move inventory sold and recognized during the period.
- Gross Profit amounted to EG2.3 billion in 1H2022, a growth of 65% YoY, a Gross Profit margin of 34%. In 1H2022, EBITDA gained 64% YoY reaching EGP1.4 billion, a margin of 20%.
- Net Profit After Tax & Minority Interest stood at EGP558 million in 1H2022, a growth of 21% YoY, with a Net Profit margin of 8%.
- Net Debt<sup>1</sup> increased to EGP1.1 billion by end of 1H2022, as the Company postponed some securitization transactions given the current market conditions and prevailing high interest rates. Receivables stood at c. EGP26 billion, covering Net Debt 23 times. Net Debt/EBITDA stood at 0.5 times.

### Operational Highlights

- New sales (Residential and Commercial) increased 38% YoY to EGP10.7 billion in 1H2022, compared to EGP7.7 billion in 1H2021. Sales growth was largely driven by 33% YoY increase in number of units sold to 1,872 units during 1H2022, compared to 1,408 units sold during the comparable period, complemented by the YoY increase in average selling prices across various projects.
- Commercial new sales exhibited a strong growth of 130% YoY to record EGP1.9 billion during 1H2022, following the successful launches and ongoing sales in Village Gate Mall, Crown Central, Palm Hills New Cairo and Palmet, the Company's recently launched mixed-use development spreading 45 feddan in the heart of Palm Hills October.
- The value of ready to move inventory (completed units) stood at EGP4.4 billion across a number of projects in West Cairo, East Cairo and North Coast by end of 1H2022. The ready to move inventory is acting as a hedging tool and support the Company's financial position in future quarters.
- Badya continued to witness strong sales momentum during 1H2022, as it recorded a growth of 144% YoY in new sales to reach EGP3.1 billion, translating into 677 units sold.
- During 1H2022, Palm Hills New Cairo, the Company's largest project in East Cairo, exhibited a growth of 209% YoY in new sales reaching EGP2.3 billion (361 units), compared to EGP1.1 billion (125 units) during the same period last year.
- PHD spent EGP1.7 billion on construction activities in 1H2022, an increase of 25% YoY, in line with the Company's plans to spend more than EGP3.4 billion during FY2022.
- The Company delivered 643 units during 1H2022, growth of 24% YoY, compared to 517 units delivered during the same period last year still on track to meet target handover for the year. In addition, more than 600 units were released from construction within livable zones and ready for delivery by end of 1H2022.

<sup>1</sup> - Net Debt excluding Leasing.

### **Yasseen Mansour, Executive Chairman comments:**

I am delighted to share with you 1H2022 results, another healthy period for Palm Hills Developments in terms of operational and financial performance.

Our operations progressed during the period with new sales growing by 38% YoY to mark EGP10.7 billion, which was a function of selling more residential and commercial units at higher selling prices, complemented by new residential and commercial launches.

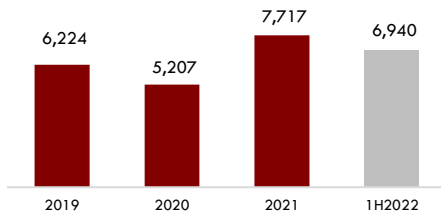
We delivered 643 units during 1H2022, an increase of 24% YoY in handovers and expect a ramp up in deliveries during the second half of the year. By end of 1H2022, we had more than 600 completed units that are ready for delivery within livable zones across various projects.

We spent EGP1.7 billion on construction activities during 1H2022, an increase of 25% YoY, as we sustain our steady focus on increasing construction spending to hedge against cost inflation in the coming quarters and increase the balance of our ready to move inventory, which recorded EGP4.4 billion.

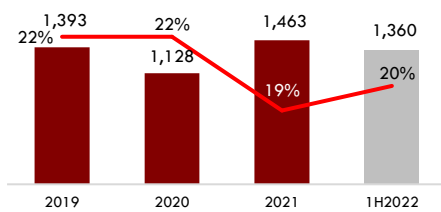
Badya exhibited further growth in terms of new sales, construction and handovers momentum. Sales in Badya grew by a remarkable 144% YoY to reach EGP3.1 billion, translating into 677 units sold. Badya accounted for 35% from new residential sales and 29% from total new sales. We are planning to deliver more than c.500 units in Badya during 2H2022 and expect Badya to be the largest contributor to this year's sales.

During 2Q2022, we successfully launched Palmet, our mixed-use development spreading 45 feddan in the heart of Palm Hills October. Palmet is expected to offer various commercial facilities including retail and office space, serviced apartments and a boutique luxury hotel complemented by other amenities.

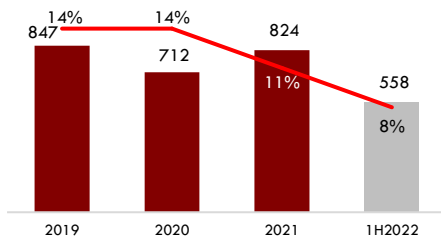
### Revenue (2019-1H2022, EGP Million)



### EBITDA & EBITDA Margin (2019-1H2022, EGP Million)



### Net Profit after Tax & Minority Interest (2019-1H2022, EGP Million)



## Financial Review

EGP Million	1H2022	1H2021	Change
Revenue	6,940	4,010	73%
Gross Profit	2,334	1,418	65%
Gross Profit margin	34%	35%	(1pp)
EBITDA	1,360	825	65%
EBITDA margin	20%	21%	(1pp)
Net Profit before Tax & Minority Interest	892	609	46%
Net Profit after Tax & Minority Interest	558	462	21%
Net Profit margin	8%	12%	(4pp)

Revenue grew 73% YoY to EGP6.9 billion in 1H2022. Revenue growth resulted from the YoY increase in new sales of primary and secondary homes as well as commercial units, the YoY increase in handed over units, complemented by contribution from ready to move inventory sold and recognized during the period.

Gross Profit amounted to EGP2.3 billion in 1H2022, a growth of 65% YoY, a Gross Profit margin of 34%. In 1H2022, EBITDA gained 65% YoY reaching EGP1.4 billion, a margin of 20%.

Net Profit After Tax & Minority Interest stood at EGP558 million in 1H2022, a growth of 21% YoY, with a Net Profit margin of 8%.

Net Debt increased to EGP1.1 billion by end of 1H2022, as the Company postponed some securitization transactions in light of the current market conditions and prevailing high interest rates. Receivables amounted to c. EGP26 billion, covering Net Debt 23 times. Net Debt/EBITDA stood at 0.5 times.

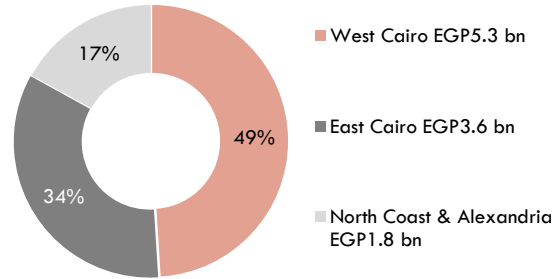
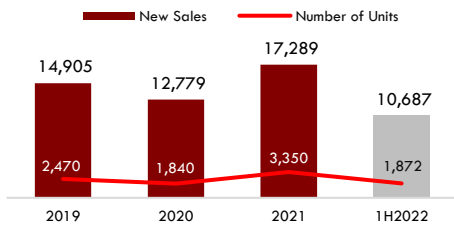
## Operational Review

New sales (Residential and Commercial) increased 38% YoY to EGP10.7 billion in 1H2022, compared to EGP7.7 billion in 1H2021. Sales growth was largely driven by 33% YoY increase in number of units sold to 1,872 units during 1H2022, compared to 1,408 units sold during the comparable period, complemented by the YoY increase in average selling prices.

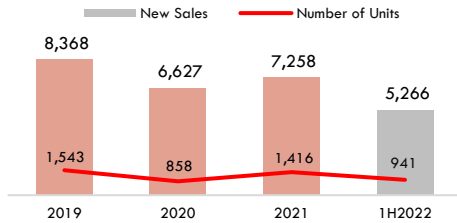
Residential new sales grew 27% YoY to record EGP8.7 billion in 1H2022, mostly driven by Badya, Palm Hills New Cairo, Hacienda West and Palm Hills Alexandria. Commercial new sales stood at EGP1.9 billion during 1H2022, a growth of 130% YoY. Crown Central and Village Gate Mall contributed more than 50% of the segment's sales.

The following chart illustrates percentage contribution of each operating region to new sales (Residential & Commercial) during 1H2022:

**New Sales, All Regions<sup>1</sup>**  
(2019-1H2022, EGP Million)



**New Sales, West Cairo<sup>1</sup>**  
(2019-1H2022, EGP Million)



In West Cairo, new sales increased 63% YoY to EGP5.3 billion in 1H2022 where Badya contributed the lion's share, as it accounted for 58%. Badya achieved a remarkable growth of 144% YoY in new sales to reach EGP3.1 billion, translating into 677 units sold, this brings cumulative sales of Badya to EGP14 billion. Residential sales were complemented by strong uptake in The Crown and Palm Parks plus demand for ready to move inventory. Commercial new sales reached c. EGP1 billion, an increase of 58% YoY following the successful launches of Crown Central and Palmet.

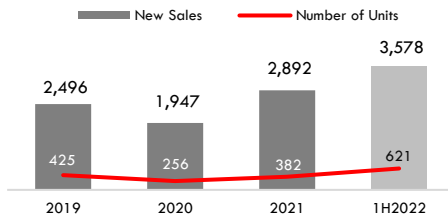
In East Cairo, new sales surged by 155% YoY to record EGP3.6 billion, compared to EGP1.4 billion in 1H2021. Sales in the region largely boasted by Palm Hills New Cairo, which exhibited a growth of 209% YoY in new sales reaching EGP2.3 billion (361 units), compared to EGP1.1 billion (125 units) during the same period last year. Said growth was supported by commercial sales in Village Gate Mall, which achieved EGP550 million during 1H2022.

In the North Coast and Alexandria region, PHD achieved new sales of EGP1.8 million during 1H2022, lower than the same period last year, due to comparing with a high base as last summer witnessed strong sales in Palm Hills Alamein. Hacienda West contributed EGP784 million to 1H2022 new sales.

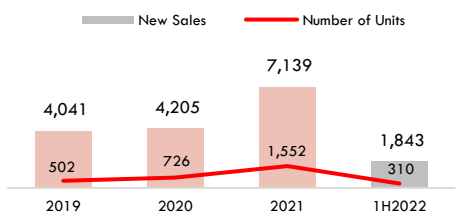
Construction spending amounted to EGP1.7 billion in 1H2022, an increase of 25% YoY. Spending during the period was mostly on Palm Hills New Cairo, Badya, Palm Hills Alexandria, Palm Parks, The Crown, Capital Gardens, Kings School in The Crown and Lake Yard in Hacienda Bay.

The Company handed over 643 units (residential & commercial) during 1H2022, a growth of 24% YoY. PHD continued to deliver units in Badya, The Crown, Palm Hills New Cairo and Hale Town ahead of schedule.

**New Sales, East Cairo<sup>1</sup>**  
(2019-1H2022, EGP Million)



**New Sales, North Coast & Alexandria<sup>1</sup>**  
(2019-1H2022, EGP Million)



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

### Consolidated Income Statement<sup>2</sup>

EGP Thousand	1H2022	1H2021	%
<b>Revenue</b>	<b>6,940,217</b>	<b>4,009,609</b>	73%
Cost of Revenue	(4,606,043)	(2,591,357)	78%
<b>Gross Profit</b>	<b>2,334,174</b>	<b>1,418,253</b>	65%
Gross Profit margin	34%	35%	(1pp)
General Administrative, Selling and Marketing Expenses	(973,812)	(593,022)	64%
<b>EBITDA</b>	<b>1,360,362</b>	<b>825,231</b>	65%
EBITDA margin	20%	21%	(1pp)
Administrative Depreciation	(87,131)	(80,937)	8%
<b>Operating Profit</b>	<b>1,273,231</b>	<b>744,294</b>	71%
Less:			
Finance Cost & Interests	(315,297)	(164,760)	91%
Provisions	(135,881)	(5,581)	NA
Estimated Credit Loss	563	(195)	NA
Add:			
Interest Income - Amortization of Discount on Notes Receivables	39,271	7,648	NA
Gain on Investment in Fair Value through Profit or Loss	3,071	9,957	(69%)
Interest Income on Held to Maturity Investments	28,238	17,814	59%
<b>Net Profit Before Income Tax &amp; Minority Interest</b>	<b>892,070</b>	<b>609,567</b>	46%
Income Tax Expense	(329,894)	(113,620)	190%
Deferred Tax	(382)	(241)	59%
<b>Net Profit After Tax</b>	<b>561,794</b>	<b>495,706</b>	13%
Non-Controlling Interest	(3,305)	(34,082)	(90%)
<b>Net Profit After Tax &amp; Minority Interest</b>	<b>558,488</b>	<b>461,642</b>	21%
Net Profit After Tax & Minority Interest margin	8%	12%	(4pp)

2- The Company's Consolidated Financial Statements for the period ended June 30, 2022, prepared in accordance with Egyptian Accounting Standards ("EAS"), can be downloaded from our Company's website: [www.palmhillsdevelopments.com](http://www.palmhillsdevelopments.com)

3- Finance Cost & Interests includes Finance Cost, Interest on Land Purchase Liabilities and rebates related to Land Liabilities.

### Balance Sheet

EGP Thousand	June 30, 2022	December 31, 2021
<b>Long-Term Assets</b>		
Investments in Associates	357,926	213,673
Investment Property	168,986	170,829
Fixed Assets (Net)	2,643,590	2,718,635
Projects Under Construction	7,977	7,640
Advance Payments for Investments Acquisitions	59,785	194,907
Deferred Tax Asset	216	789
Employee Stock Ownership Plan	46,566	77,610
Other Long - Term Assets	1,254	1,338
Right of Use Assets	12,554	15,832
Notes Receivable - Long Term	10,936,401	10,318,458
Notes Receivables - Undelivered Units	6,211,550	4,815,038
<b>Total Long - Term Assets</b>	<b>20,446,810</b>	<b>18,535,750</b>
<b>Current Assets</b>		
Works in Process	7,225,993	8,698,435
Held to Maturity Investments	2,297,716	2,435,941
Cash	1,239,818	1,017,869
Notes Receivable - Short Term	4,474,243	4,040,524
Notes Receivable - Undelivered Units	2,106,965	1,787,054
Investments at Fair Value	74,400	60,726
Accounts Receivable	2,086,263	1,885,116
Suppliers - Advance Payments	1,003,400	657,535
Debtors & Other Debit Balances	1,456,687	1,437,232
Due from Related Parties	358,762	343,787
<b>Total Current Assets</b>	<b>22,324,248</b>	<b>22,364,218</b>
<b>Total Assets</b>	<b>42,771,059</b>	<b>40,899,965</b>
<b>Current Liabilities</b>		
Banks - Credit Balances	119,659	99,796
Banks - Overdraft	2,127,326	1,661,691
Clients' Checks	8,318,516	6,602,092
Advances from Customers	8,8478,747	8,374,373
Completion of Infrastructure Liabilities	-	58,063
Provisions	315,363	182,587
Current Portion of Land Purchase Liabilities	158,664	127,786
Investments Purchase Credits	20,718	20,718
Notes Payable - Short Term	1,210,946	1,340,829
Current Portion of Term Loans	132,282	220,788
Suppliers & Contractors	1,068,682	1,130,852
Income Tax Payable	343,893	166,759
Creditors & Other Credit Balances	1,152,768	1,042,545
Due to Joint Arrangements Partners	343,099	2,161,334
Due to Related Parties	5,717	4,864
Lease Liabilities - Short Term	6,077	5,316
Dividends Distribution	152,030	-
<b>Total Current Liabilities</b>	<b>23,954,488</b>	<b>23,200,391</b>
<b>Working Capital</b>	<b>(1,630,240)</b>	<b>(836,084)</b>
<b>Total Investment</b>	<b>18,816,571</b>	<b>17,699,666</b>
<i>Financed as Follows:</i>		
<b>Shareholders' Equity</b>		
Issued and Paid-In Capital	6,081,189	6,162,499
Legal Reserve	-	(69,839)
Special Reserve	834,513	809,229
Treasury Shares	-	176,513
ESOP Re-measurement Reserve	(31,434)	(390)
Retained Earnings	1,686,908	1,235,062
Net Profit for the Period	558,488	824,360
<b>Equity Attributable to Equity Holders of Parent Co.</b>	<b>9,129,665</b>	<b>9,137,434</b>
Non-Controlling Interest	449,538	454,189
<b>Total Shareholders' Equity</b>	<b>9,579,203</b>	<b>9,591,623</b>
<b>Long Term Liabilities</b>		
Long Term Loans	2,108,017	1,877,815
Notes Payable - Long Term	1,396,594	2,212,834
Land Purchase Liabilities	131,463	84,252
Other Long-Term Liabilities - Residents' Association	4,357,007	3,856,264
Lease Liabilities - Long Term	3,721	5,998
Due to Joint Arrangements Partners - Long Term	991,148	70,877
Islamic Sukuk	249,416	-
<b>Total Long-Term Liabilities</b>	<b>9,237,367</b>	<b>8,108,043</b>
<b>Total Equity &amp; Long-Term Liabilities</b>	<b>18,816,570</b>	<b>17,699,666</b>

### Cash Flow Statement

EGP Thousand	June 30, 2022	June 30, 2021
<b>Net Profit for the Period (Before Income Tax &amp; Non-Controlling Interest)</b>	<b>892,069</b>	<b>609,567</b>
Interest on Land Purchase Liabilities	63,365	33,629
Administrative Depreciation	100,007	91,318
Provision Formed	135,881	5,580
Finance Costs & Interest	251,932	131,131
Gain (loss) on Disposal of Fixed Assets	(120)	(10,400)
Share of Profit/Loss of Associates	2,555	(297)
Interest Income - Amortization of Discount on Notes Receivables	(39,271)	(7,648)
Gains on Investments in Fair Value through Profit or Loss	(3,071)	(9,957)
Gains and losses on Held to Maturity Investments	(28,238)	(17,814)
Estimated Credit Loss	563	(195)
<b>Operating Profit Before Changes in Working Capital Items</b>	<b>1,371,472</b>	<b>824,915</b>
<i>Cash flow from Operating Activities</i>		
Change in Work in Process	1,510,933	(651,710)
Change in Notes Receivables	(201,146)	(211,278)
Change in Investments in Fair Value through Profit or Loss	(13,675)	53,875
Change in Notes Receivables Undelivered Units	(1,716,424)	-
Change in Held to Maturity Investments	138,225	(725,485)
Change in Accounts Receivable	(1,011,391)	(1,078,023)
Change in Suppliers - Advance Payments	(345,865)	(95,231)
Change in Debtors & Other Credit Balances	(19,454)	(43,872)
Change in Due from Related Parties	(15,430)	(13,204)
Change in Advances from Customers	104,375	463,530
Utilized Provisions	(3,106)	946
Liabilities from Customers' Checks	1,716,424	-
Change in Due to Related Parties	853	-
Change in Notes Payables	(1,009,488)	644,509
Change in Suppliers & Contractors	(62,169)	360,213
Income Tax Paid	(152,761)	(37,247)
Change in Creditors	110,223	68,584
Change in Other Long Term - Residents' Association	500,744	438,212
Change in Guaranteed Payments - Joint Arrangements	(897,965)	326,818
Change in Infrastructure Commitments	(58,063)	-
Leasing Contracts Liabilities - Short Term	(2,441)	-
<b>Net Cash (Used In) Operating Activities</b>	<b>(51,928)</b>	<b>325,553</b>
<i>Cash Flows from Investing Activities</i>		
Payments for Purchase of Fixed Assets	(21,049)	(33,450)
Proceeds from Sale of Fixed Assets	119	10,520
Payments for Associates Investment	(149,881)	(10,367)
Receipts from Associates Investment	3,073	-
Receipts from Other Assets	84	84
Proceeds from Investments in Fair Value through Profit or Loss	3,071	9,957
Proceeds from Held to Maturity Investments	28,238	17,814
<b>Cash Flows from Investing Activities</b>	<b>(136,344)</b>	<b>(5,443)</b>
<i>Cash Flows from Financing Activities</i>		
Treasury Shares Redemption - Capital Reduction	-	(72,700)
Credit Balance	19,863	(1,761)
Banks - Overdraft	465,635	94,786
Treasury Shares	-	(22,849)
Adjustments to Retained Earnings	(9,640)	(253,889)
Dividends	(197,030)	(337,843)
Minority Interests	(7,956)	41,185
Deferred Tax	190	787
Proceeds from Islamic Sukuk	249,417	-
Proceeds from Loans	326,695	262,090
Repayment of Loans	(185,000)	(481,095)
Finance Costs & Interests	(251,932)	(131,131)
<b>Net Cash Provided by Financing Activities</b>	<b>410,241</b>	<b>(902,421)</b>
Net Cash Flow during the Period	221,968	(582,311)
Impact of Estimated Credit Losses	(19)	-
Cash & Cash Equivalents at Beginning of the Period	1,017,869	1,579,250
<b>Cash &amp; Cash Equivalents as of June 30, 2022</b>	<b>1,239,819</b>	<b>996,939</b>

### 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 30 million square meters ("sqm"). PHD's product offerings include primary homes in West Cairo, East Cairo and Alexandria, as well as secondary homes in the North Coast (Mediterranean Sea).

As at end of 1H2022, PHD delivered more than 12,700 units within its developments. Today, PHD has several projects under development in West Cairo, East Cairo, North Coast and Alexandria, in addition to co-development projects, translating into a sales backlog of c.EGP16 billion. PHD is listed and traded on the Egyptian Stock Exchange 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.