

PHD realize New Sales of EGP7.7 billion in 1H2021, an increase of 76% YoY. Revenue stood at EGP4.0 billion, a remarkable growth of 100% YoY. Net Profit After Tax & Minority Interest amounted to EGP461 million, an increase of 67% YoY

Cairo on August 18, 2021 - Palm Hills Developments S.A.E. ("PHD" or "the Company"), a leading real estate developer in Egypt, announces its consolidated financial and operating results for the financial period ended June 30, 2021.

Financial Highlights

- Revenue doubled YoY to record EGP4.0 billion in 1H2021, mainly due to growth in 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 units sold and recognized during the period. Revenue for the quarter grew 133% YoY to reach EGP2.0 billion.
- Gross Profit amounted to EG1.4 billion in 1H2021, an increase of 89% YoY, translating into a gross profit margin of 35%. While Gross Profit for the quarter grew 95% YoY to reach EGP697 million. EBITDA grew 119% YoY to EGP825 million in 1H2021, a margin of 21%, an improvement of 2pp YoY. Net Profit After Tax & Minority Interest recorded EGP461 million in 1H2021, a growth of 67% YoY, with a net margin of 12%.
- By end of 1H2021, Net Debt¹ stood at EGP433 million, a decrease of EGP1.6 billion YoY. Receivables amounted to EGP23.1 billion in 1H2021, covering Net Debt 53 times. Net Debt/EBITDA stood at 0.3 times by end of 1H2021. PHD concluded its sixth securitization transaction through a Bond issuance in cooperation with Sarwa Capital, backed by receivables portfolio of approximately EGP1.2 billion, corresponding to 355 handed over residential units. The underlying Bond issuance was released in four tranches with ratings of AA+, AA, A, A-.

Operational Highlights

- New Sales (Residential and Commercial) grew 76% YoY to EGP7.7 billion in 1H2021, translating into 1,408 units sold, compared to 662 units sold during the same period last year. During 2Q2021, New Sales stood at EGP4.3 billion, a growth of 62% YoY. Sales growth was driven by steady improvements in home buying transactions across all operating regions with West Cairo as the largest contributor in terms of value and number of units sold. In July 2021, the Company launched sales in Hacienda West spreading 135 feddan in the North Coast, which continues to witness strong uptake during the summer season.
- Commercial New Sales reached EGP849 million during 1H2021, a growth of 74% YoY. In 2Q2021, it recorded EGP313 million, mostly due to the sale of retail space in Palm Hills Alamein Mall worth EGP216 million.
- PHD spent EGP1.4 billion on construction activities in 1H2021, compared to EGP635 million during the same period last year, translating into a growth of 117% YoY.
- Handovers stood at 517 units in 1H2021, an increase of 63% YoY.
- By end of 1H2021, the Company had Ready to Move inventory worth EGP3.4 billion, across several projects in West Cairo, East Cairo and North Coast.

¹ - Net Debt excluding Leasing.

Yasseen Mansour, Executive Chairman comments:

I am pleased to share with you our operational and financial results for the period ended June 30, 2021, where we saw further improvements across most indicators despite the ongoing challenging environment.

Our operations continued to progress during the second quarter of 2021. New Sales grew 62% YoY to reach EGP4.3 billion, bringing New Sales to EGP7.7 billion in 1H2021, a growth of 76% YoY. Looking at Badya, the project witnessed remarkable progress in terms of sales momentum during 1H2021, increasing by an impressive 560% YoY to EGP1.25 billion with 357 units sold, as we continue to move further on the ground in terms of construction works and execution of the first phase. Accordingly, we expect to start handing over units in Bayda prior to year-end, almost one year ahead of contractual delivery dates.

During 1H2021, we sold 1,408 units, that is a growth of 113% YoY and handed over 517 units, an increase of 63% YoY. We continue to outpace our handover schedule in all of our projects on contractual delivery dates and remain ahead of schedule in many projects including The Crown and Palm Hills New Cairo. We have completed all development works in Golf Extension, Woodville, Palm Valley, and PK2 Extension.

Concerning leverage optimization, we ended 1H2021 with a Net Debt of EGP433 million. The Balance Sheet remains healthy with Total Equity (unadjusted) of EGP9.3 billion and Receivables of EGP23.1 billion, covering Net Debt 53 times. Net Debt/EBITDA stood at 0.3 times, supported by the steady improvements in our Cash Flow position, which stood at EGP325 million in 1H2021. As we have managed to reduce our Net Debt in the past period, we are now in a sound position to tap the market for project financing, given the current low interest rate environment.

We continue to strengthen our Balance Sheet and avail funding requirements for our projects. We expect to conclude several financing agreements during the rest of 2021. These agreements will be in the form of "on and off" Balance Sheet financing including the securitization of receivables, syndications with banks and for the first time ever in the Company's history, a long term sukuk issuance.

Financial Review

EGP Million	2Q2021	2Q2020	Change	1H2021	1H2020	Change
Revenue	2,032	873	133%	4,010	2,008	100%
Gross Profit	697	358	95%	1,418	751	89%
Gross Profit margin	34%	41%	(7pp)	35%	37%	(2pp)
EBITDA	417	173	141%	825	377	119%
EBITDA margin	21%	20%	1pp	21%	19%	2pp
Net Profit before Tax & Minority Interest	308	219	40%	609	328	86%
Net Profit after Tax & Minority Interest	257	195	31%	461	277	67%
Net Profit margin	13%	22%	(9pp)	12%	14%	(2pp)

Revenue doubled YoY to EGP4.0 billion in 1H2021. While Revenue for the quarter increased by 133% YoY to reach EGP2.0 billion. Said increase resulted mainly from growth in primary and secondary homes sales as well as commercial units, the YoY increase in handed over units, complemented by contribution from Ready to Move units sold and recognized during the period.

In 1H2021, Gross Profit amounted to EGP1.4 billion, a gross profit margin of 35%, a decrease 2pp YoY. Gross Profit grew 95% YoY in 2Q2021 to reach EGP697 million. The YoY decrease in Gross Profit margin resulted mostly from the handover of lower margin units during 2Q2021.

EBITDA grew 119% YoY to EGP825 million in 1H2021, a margin of 21%, an improvement of 2pp YoY. EBITDA for the quarter stood at EGP417 million, an increase of 141% YoY. Net Profit after Tax and Minority Interest grew 67% YoY reaching EGP461 million in 1H2021, a Net Profit margin of 12%.

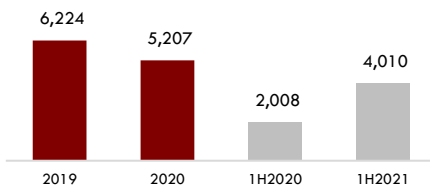
Net Debt stood at EGP433 million by end of 1H2021, a decrease of EGP1.6 billion from 1H2020. Receivables amounted to EGP23.1 billion in 1H2021, covering Net Debt 53 times. Net Debt/EBITDA stood at 0.3 times by end of 1H2021.

Operational Review

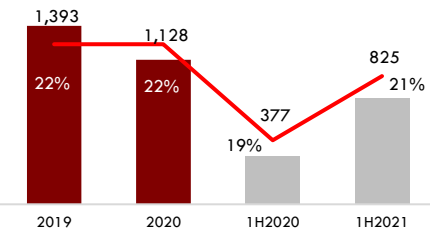
New Sales (Residential and Commercial) grew 76% YoY to EGP7.7 billion in 1H2021, translating into 1,408 units sold, compared to 662 units sold during 1H2020.

During 2Q2021, New Sales stood at EGP4.3 billion, a growth of 62% YoY. Sales growth was driven by the steady improvements in home buying transactions across all operating regions with West Cairo as the largest contributor in terms of value and number of units sold, followed by the North Coast, Ain Sokhna & Alexandria region due to an increase in demand during the summer season. It was complemented by Ready to Move units and the YoY growth in commercial sales in the North Coast.

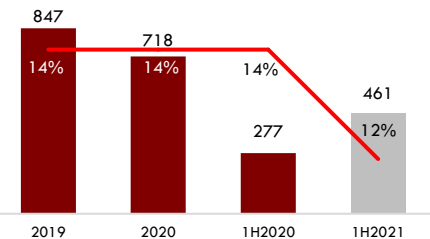
Revenue
(2019-1H2021, EGP Million)



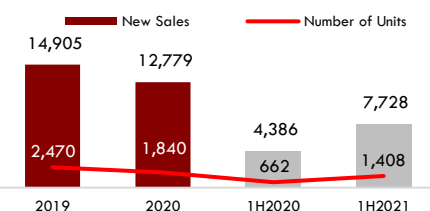
EBITDA & EBITDA Margin
(2019-1H2021, EGP Million)



Net Profit after Tax & Minority Interest
(2019-1H2021, EGP Million)

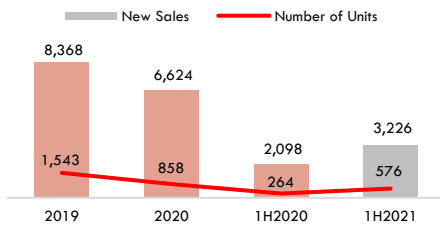


New Sales, All Regions¹
(2019-1H2021, EGP Million)

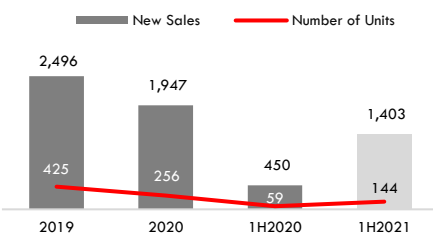


Commercial New Sales amounted to EGP849 million during 1H2021, a growth of 74% YoY. In 2Q2021, it recorded EGP313 million, mostly due to the sale of retail space in Palm Hills Alamein Mall worth EGP216 million. The following chart illustrates percentage contribution of each operating region to New Sales during 1H2021:

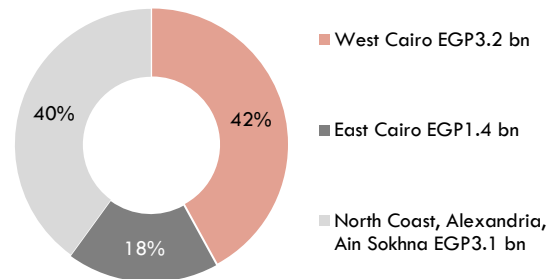
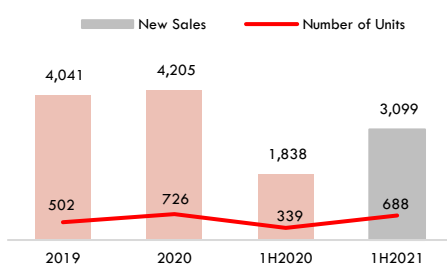
New Sales, West Cairo¹
(2019-1H2021, EGP Million)



New Sales, East Cairo¹
(2019-1H2021, EGP Million)



New Sales, North Coast, Alexandria, Ain Sokhna¹
(2019-1H2021, EGP Million)



New Sales amounted to EGP3.2 billion in West Cairo during 1H2021, a growth of 54% YoY. Residential sales contributed EGP2.6 billion mainly in Badya (EGP1.2 billion), followed by The Crown, accompanied by an uptake of Ready to Move units mostly in Golf Extension, Woodville and Palm Parks. While Commercial New Sales reached EGP618 million during 1H2021, booked mainly from Hale Town and Golf Central.

In East Cairo, New Sales stood at EGP1.4 billion during 1H2021, a remarkable increase of 212% YoY, led by Palm Hills New Cairo (EGP1.1 billion).

In the North Coast, Ain Sokhna and Alexandria region, the Company achieved New Sales of EGP3.1 billion during 1H2021, an increase of 69% YoY, supported by the strong demand for Palm Hills Alamein (EGP1.9 billion).

PHD delivered 517 residential and commercial units during 1H2021, translating into a growth of 63% YoY in the number of handed over units. The Company started to deliver units in The Crown and Palm Hills New Cairo ahead of planned delivery schedule. Handovers for the period were mainly in the following projects: Capital Gardens, Palm Hills New Cairo, The Crown, Hacienda Bay, PK2 Extension, Woodville, Golf Extension, Golf Views, Palm Parks and Palm Valley. PHD had 700 units released from construction that are available for delivery within livable zone by end of 1H2021.

PHD spent EGP1.4 billion on construction activities during 1H2021, compared to EGP635 million during the same period last year, a growth of 117% YoY.

Looking at the main construction activities in West Cairo, the Company released 263 units from construction in The Crown during 1H2021, including 96 units delivered to clients. In Palm Parks extension, PHD commenced

construction of 4 apartments blocks (out of 7) with the concrete skeletons nearing completion. In Badya, the Company expects to start handing over units in Phase 1A to clients one year ahead of planned delivery schedule, expected to take place prior to year-end. The development of 328 units' concrete skeleton was completed, including 264 units that are currently undergoing finishing works.

In East Cairo, PHD concluded several landscape enhancements in Palm Hills Katameya, PK2 and Village Gate Katameya. Construction works in PK2 Extension were finished and all units are ready for delivery. In Capital Gardens, 504 units were completed, including 340 units that were handed over to their owners. In Palm Hills New Cairo, the Company completed 321 units, including 88 units that were delivered during 1H2021. The delivery of apartments in the first phase remains on schedule and expected to commence during 2021.

Regarding the North Coast, Alexandria and Sokhna region, earthworks in Laguna Bay project (Ain Sokha) has started already. In the North Coast, some enhancements were completed ahead of the summer season. Furthermore, 94 beach cabins were finished and handed over to clients in Water Villas phase of Hacienda Bay.

Consolidated Income Statement ² (Egyptian Accounting Standards)

EGP Thousand	2Q2021	2Q2020	%	1H2021	1H2020	%
Revenue	2,031,690	873,183	133%	4,009,609	2,008,212	100%
Cost of Revenue	(1,334,965)	(515,123)	159%	(2,591,357)	(1,257,632)	106%
Gross Profit	696,725	358,060	95%	1,418,253	750,580	89%
<i>Gross Profit margin</i>	34%	41%	(7pp)	35%	37%	(2pp)
General Administrative, Selling and Marketing Expenses	(280,064)	(185,187)	51%	(593,022)	(373,726)	59%
EBITDA	416,661	172,874	141%	825,231	376,854	119%
<i>EBITDA margin</i>	21%	20%	1pp	21%	19%	2pp
Administrative Depreciation	(39,942)	(23,656)	69%	(80,937)	(47,151)	72%
Operating Profit	376,718	149,218	152%	744,294	329,703	126%
Less:						
Finance Cost & Interests	(66,688)	(43,293)	54%	(131,131)	(104,886)	25%
Interest on Land Purchase Liabilities	(16,815)	100,746	(117%)	(33,629)	73,945	145%
Provisions	(2,184)	-	NA	(5,581)	-	NA
Add:						
Interest Income - Amortization of Discount on Notes Receivables	3,824	4,280	(11%)	7,648	8,560	(11%)
Gain on Investment in Fair Value through Profit or Loss	4,712	1,826	158%	9,957	4,160	139%
Interest Income on Held to Maturity Investments	8,162	6,785	20%	17,814	16,220	10%
Net Profit Before Income Tax & Minority Interest	307,730	219,563	40%	609,371	327,702	86%
Income Tax Expense	(29,460)	(22,047)	34%	(113,620)	(45,469)	150%
Deferred Tax	(59)	(67)	(12%)	(241)	(190)	27%
Net Profit After Tax	278,211	197,449	41%	495,511	282,044	76%
Non-Controlling Interest	(21,413)	(2,127)	NA	(34,082)	(5,459)	NA
Net Profit After Tax & Minority Interest	256,799	195,322	31%	461,429	276,585	67%
<i>Net Profit After Tax & Minority Interest margin</i>	13%	22%	(9pp)	12%	14%	(2pp)

2- The Company's consolidated financial statements for the period ended June 30, 2021, prepared in accordance with Egyptian Accounting Standards ("EAS"), can be downloaded from our Company's website: www.palmhillsdevelopments.com

Consolidated Balance Sheet (Egyptian Accounting Standards)

EGP Thousand	June 30, 2021	December 31, 2020
Long-Term Assets		
Investments in Associates	161,146	150,482
Investment Property	385,306	386,524
Notes Receivable - Long Term	16,430,592	15,338,184
Projects Under Construction	266,474	297,328
Advance Payments for Investments Acquisitions	313,390	313,390
Fixed Assets (Net)	2,732,649	2,762,305
Deferred Tax Asset	2,021	3,049
Employee Stock Ownership Plan	69,420	53,040
Other Long - Term Assets	1,421	1,505
Total Long - Term Assets	20,362,420	19,305,809
Current Assets		
Works in Process	8,389,833	7,287,943
Held to Maturity Investments	2,094,617	1,369,132
Cash	996,939	1,579,250
Notes Receivable - Short Term	5,018,827	5,025,563
Investments at Fair Value	161,838	215,713
Accounts Receivable	1,691,428	1,480,151
Suppliers - Advance Payments	610,225	514,994
Debtors & Other Debit Balances	1,128,046	1,084,173
Due from Related Parties	453,823	440,619
Total Current Assets	20,545,577	18,997,540
Total Assets	40,907,997	38,303,349
Current Liabilities		
Banks - Credit Balances	89,205	90,967
Banks - Overdraft	1,129,293	1,034,506
Advances from Customers	16,092,559	15,629,029
Completion of Infrastructure Liabilities	58,063	58,063
Provisions	183,319	176,792
Current Portion of Land Purchase Liabilities	190,142	134,159
Notes Payable - Short Term	1,124,622	1,030,233
Current Portion of Term Loans	89,461	183,435
Suppliers & Contractors	1,194,500	834,287
Income Tax Payable	113,643	37,270
Creditors & Other Credit Balances	853,173	784,589
Due to Joint Arrangements Partners	1,506,194	1,179,376
Due to Related Parties	2,535	2,535
Total Current Liabilities	22,262,710	21,175,244
Working Capital	2,081,133	(2,177,704)
Total Investment	18,281,288	17,128,105
<i>Financed as Follows:</i>		
Shareholders' Equity		
Issued and Paid-In Capital	6,162,499	6,235,199
Legal Reserve	808,745	779,730
Special Reserve	176,513	176,513
Treasury Shares	(69,840)	(46,990)
ESOP Re-measurement Reserve	(8,580)	(24,960)
Retained Earnings	1,133,352	1,036,333
Net Profit for the Period	461,428	717,768
Equity Attributable to Equity Holders of Parent Co.	8,664,119	8,873,593
Non-Controlling Interest	658,569	583,302
Total Shareholders' Equity	9,322,688	9,456,895
Long Term Liabilities		
Land Purchase Liabilities	471,539	90,488
Notes Payable - Long Term	2,734,836	2,151,086
Other Long-Term Liabilities - Residents' Association	3,373,995	2,935,783
Loans	2,378,229	2,493,851
Total Long-Term Liabilities	8,958,560	7,671,209
Total Equity & Long-Term Liabilities	18,281,288	17,128,105

Cash Flow Statement

(Egyptian Accounting Standards)

EGP Thousand	June 30, 2021	June 30, 2020
Net Profit for the Period (Before Income Tax & Non-Controlling Interest)	609,371	327,702
Interest on Land Purchase Liabilities	33,629	53,602
Administrative Depreciation	91,318	104,886
Provision Formed	5,580	51,161
Finance Costs & Interest	131,131	-
Share of Profit/Loss of Associates	(297)	5,042
Gain (loss) on Disposal of Fixed Assets	(10,400)	(26)
Interest Income - Amortization of Discount on Notes Receivables	(7,648)	(8,560)
Gains on Investments in Fair Value through Profit or Loss	(9,957)	(4,160)
Interest Rebate from Land Purchase Liabilities	-	(127,548)
Gains & losses on Held to Maturity Investments	(17,814)	(16,220)
Operating Profit Before Changes in Working Capital Items	824,915	385,880
Cash flow from Operating Activities		
Change in Work in Process	(651,709)	246,895
Change in Notes Receivables	(1,078,023)	122,646
Change in Investments in Fair Value through Profit or Loss	53,875	18,138
Change in Held to Maturity Investments	(725,485)	(220,296)
Change in Accounts Receivable	(211,278)	(278,609)
Change in Suppliers - Advance Payments	(95,231)	(40,513)
Change in Debtors & Other Debit Balances	(43,872)	75,615
Change in Due from Related Parties	(13,204)	(8,289)
Change in Advances from Customers	463,530	251,187
Change in Completion of Infrastructure	-	(37,021)
Provisions	946	1,523
Change in Notes Payables	644,509	(429,711)
Change in Suppliers & Contractors	360,213	19,588
Change in Due to Related Parties	-	190
Income Tax Paid	(37,247)	(88,127)
Change in Creditors & Other Credit Balances	68,584	122,603
Change in Other Long Term - Residents' Association	327,818	180,906
Change in Guaranteed Payments - Joint Arrangements	326,818	(325,028)
Net Cash (Used In) Operating Activities	325,553	(2,421)
Cash Flows from Investing Activities		
Payments for Purchase of Fixed Assets	(64,304)	(28,497)
Proceeds from Sale of Fixed Assets	10,520	175
Payments for Associates Investment	(10,367)	(12,000)
Payments for Projects Under Construction	30,854	(17,109)
Payments Advance for Investments	-	(714)
Receipts from Other Assets	84	(1,589)
Proceeds from Investments in Fair Value through Profit or Loss	9,957	4,160
Proceeds from Held to Maturity Investments	17,814	16,220
Cash Flows from Investing Activities	(5,443)	(39,355)
Cash Flows from Financing Activities		
Reduction in Paid-In Capital	(72,700)	-
Credit Balance	(1,761)	(21,693)
Banks - Overdraft	94,786	59,162
Treasury Shares	(22,849)	(46,990)
Dividends Distribution	(337,844)	-
Adjustments to Retained Earnings	(253,889)	(338,108)
Minority Interests	41,185	(8,794)
Deferred Tax	787	-
Proceeds from Loans	262,090	427,416
Repayment of Loans	(481,095)	(468,947)
Finance Costs & Interests	(131,131)	(104,886)
Net Cash Provided by Financing Activities	(902,421)	(502,840)
Net Cash Flow during the Period	(582,311)	(544,616)
Cash & Cash Equivalents at Beginning of the Period	1,579,250	1,375,178
Cash & Cash Equivalents as at June 30, 2021	996,939	830,562

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 42.5 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) and Ain Sokhna (Red Sea).

As at end of 1H2021, PHD delivered 12,187 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/

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IOS:
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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.