

PHD records new sales of EGP35 billion in 9M2023, an increase of 100% YoY. Revenues stood at EGP 11.3 billion while Net Profit After Tax & Minority Interest amounted to EGP1 billion in 9M2023

Cairo on November 15, 2023 - 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 September 30, 2023.

9M2023 Key Highlights:

- The company added 374 feddan of mixed-use plot to its land bank portfolio in 3Q2023, neighboring Palm Hills October region, with the first phase being launched in 1Q2024.
- During the third quarter, PHD partnered with Casa Cook hotels brand to add c.200 hotel rooms in Hacienda white 2 North Coast.

Financial Highlights

- Revenue grew to EGP11.3 billion in 9M2023, an increase of 18% YoY, largely due to higher new sales during the period coupled with higher delivered units in 9M2023.
- Gross Profit stood at EGP3.8 billion in 9M2023, up 19% YoY, translating into a gross profit margin of 34%. EBITDA increased 31% YoY to record EGP2.3 billion, implying a margin of 21%.
- Net Profit After Tax & Minority Interest amounted to EGP1 billion in 9M2023, an increase of 15% YoY, with a Net Profit margin of 9%.
- Net Debt¹ stood at EGP2.2 billion by the end of 9M2023 down from EGP3.1 billion by the end of 1H2023, while receivables (On & Off-balance sheet) increased to EGP51 billion at the end of 9M2023.

Operational Highlights

- New sales grew 100% YoY to record EGP35 billion in 9M2023, mainly on higher sales in Badya, North Coast region, Palm Hills New Cairo and Palm Hills Alexandria.
- New sales for 3Q2023 grew annually and sequentially to record EGP15.3 billion, an increase of 124% YoY and 19% QoQ, thanks to North Coast projects sales which accounted for c. 35% of 3Q2023's sales, following many successful launches during the summer season in Hacienda Bay and Hacienda West projects.
- Badya continues to witness record new sales, achieving EGP15 billion in 9M2023 compared to EGP4.2 billion sales in 9M2022, a growth of 257% YoY, by selling higher number of units of 1,520 compared to 920 units sold in 9M2022 at higher average selling prices.
- In 9M2023, construction spending surpassed EGP5 billion mark from EGP2.5 in 9M2022, up 110%, reflecting the acceleration of construction pace across all projects.
- The Company delivered 986 units during 9M2023, up from 790 units in 9M2022. Released from construction balance stood at 1,050 units by end of 9M2023, while Ready to Move units balance stood at 123 units with a total inventory value of c. EGP2.8 billion.

¹ Net debt excluding leasing.

Yasseen Mansour, Executive Chairman comments:

I am pleased with the announcement of our results for the period ended September 30, 2023, where we delivered a strong set of financial and operational results during the last nine months.

The Company achieved another record new sales in 9M2023 of EGP35 billion, a growth of 100% YoY. Badya, North Coast projects, Palm Hills New Cairo and Palm Hills Alexandria accounted for 85% of total new sales in the 9M2023. The performance of the third quarter was very strong, driven by solid sales momentum in the North Coast where the region witnessed remarkable contribution to new sales during the third quarter booking new sales worth c. EGP5.3 billion, bringing total sales of the north coast projects in 9M2023 to EGP7 billion, mainly supported by sales in Hacienda West and Hacienda Bay, thanks to our unique offerings during the summer season and PHD's strong brand equity in the region, as the management decided to re-monetize and create inventory in some remaining undeveloped and unsold lands and offer various types at premium prices.

Badya sales surge continues across all fronts, with new sales amounting to EGP15 billion in 9M2023 compared to EGP4.2 billion in 9M2022 by selling 1,520 units versus 915 units sold last year along with the handover of 240 units ahead of schedule during the period.

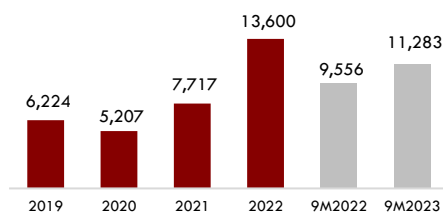
On the development side, we are still pursuing the strategy of spending more on construction and accelerating the execution pace in the key projects, to hedge from cost inflation, therefore, we spent more than EGP5 billion in 9M2023 both on commercial and residential projects.

Additionally, we are pleased with our new land acquisition in West Cairo which is a continuation of the success of the company's existing iconic Palm Hills October neighboring communities which will add some c.1.6 million sqm of high-quality land bank with 6 years of visibility on our future sales, with first phase being launched in 1Q2024.

With the year approaching an end, our focus will remain to deliver further superior operational efficiencies and robust financial performance during 4Q2023.

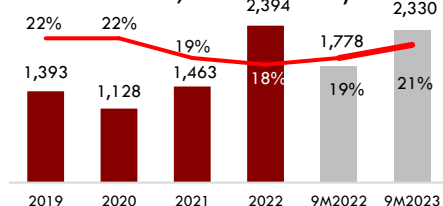
Revenue

(2019-9M2023, EGP Million)



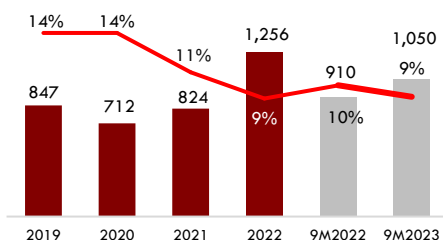
EBITDA & EBITDA Margin

(2019-9M2023, EGP Million)



Net Profit after Tax & Minority Interest

(2019-9M2023, EGP Million)



Financial Review

EGP Million	9M2023	9M2022	Change
Revenue	11,283	9,556	18%
Gross Profit	3,805	3,208	19%
Gross Profit margin	34%	34%	-
EBITDA	2,329	1,777	31%
EBITDA margin	21%	19%	2pp
Net Profit before Tax & Minority Interest	1,544	1,290	20%
Net Profit after Tax & Minority Interest	1,049	910	15%
Net Profit margin	9%	10%	(1pp)

Revenue stood at EGP11.3 billion in 9M2023, an increase of 18% YoY, largely due to higher new sales during the period coupled with higher delivered units in 9M2023.

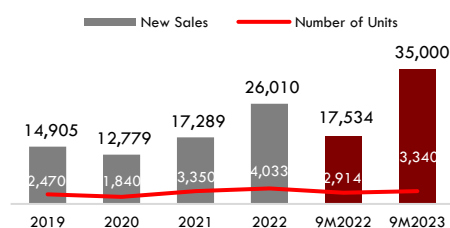
Gross Profit stood at EGP3.8 billion in 9M2023, up by 19% YoY, with gross profit margin of 34% at par with comparable period last year. EBITDA amounted to EGP2.3 billion, an increase of 31% YoY, implying an EBITDA margin of c.21%.

Net Profit After Tax & Minority Interest came in at EGP1.05 billion in 9M2023, an increase of 15% YoY, with a Net Profit margin of 9%.

Net Debt decreased to EGP2.2 billion by the end of 9M2023 from EGP3.1 billion in 1H2023, while receivables (on & off-balance sheet) stood at EGP51 billion in 9M2023.

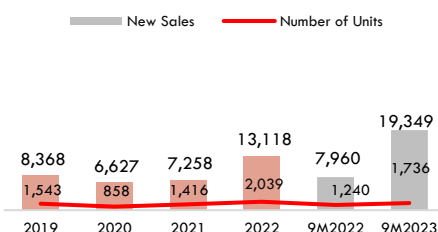
New Sales, All Regions

(2019-9M2023, EGP Million)



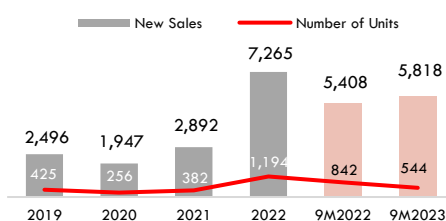
New Sales, West Cairo

(2019-9M2023, EGP Million)



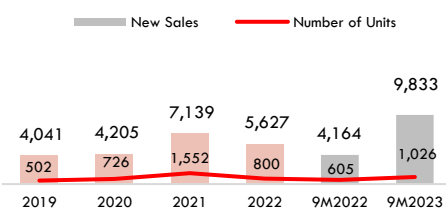
New Sales, East Cairo

(2019- 9M2023, EGP Million)



New Sales, North Coast & Alexandria

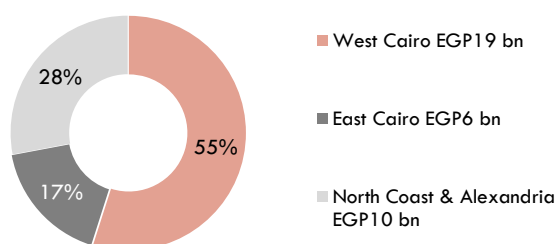
(2019-9M2023, EGP Million)



Operational Review

New sales remarkably increased 100% YoY to record EGP 35 billion in 9M2023, supported by strong sales momentum during the period along with higher units' sales YoY.

The following chart illustrates percentage contribution of each operating region to new sales during 9M2023:



In West Cairo, new sales of the region grew 143% to record EGP19 billion in 9M2023, driven by a strong sales momentum in Badya of EGP15 billion in 9M2023 compared to EGP4.2 billion sales in the comparable period last year. Growth in Badya was a function of higher average selling prices and number of units sold, with number of units sold increasing 65% YoY.

In East Cairo, new sales came in at EGP6 billion supported by PHNC where new sales amounted to c. EGP5 billion during 9M2023, a growth of 44% YoY.

North Coast and Alexandria region witnessed remarkable contribution to new sales during the period supported by strong sales momentum during the summer season, the region achieved new sales of EGP9.8 billion in 9M2023, an increase of 136% YoY, mainly driven by Hacienda West which reported new sales of EGP5 billion in 9M2023, followed by Hacienda Bay, Palm Hills Alexandria.

The Company spent EGP5.2 billion on construction activities during 9M2023, a growth of 110% YoY, mainly in Badya, PHNC, Palm Hills Alexandria, Palm Hills New Cairo, Hacienda West, and Alamein. In 9M2023, a total of 986 units were delivered versus 790 delivered in 9M2022, total of 1,050 units were released from construction at the end of 9M2023, while Ready to Move inventory reached 123 units valued at c. EGP2.8 billion.

Consolidated Income Statement ²

EGP Thousand	9M2023	9M2022	%
Revenue	11,283,816	9,556,617	18%
Cost of Revenue	(7,478,599)	(6,347,730)	18%
Gross Profit	3,805,217	3,208,887	19%
Gross Profit margin	34%	34%	0.0pp
EBITDA	2,323,762	1,777,595	31%
EBITDA margin	21%	19%	2pp
Operating Profit	2,198,893	1,646,980	33%
Operating Profit Margin	20%	17%	3pp
Net Profit Before Income Tax & Minority Interest	1,543,947	1,291,696	20%
Income Tax Expense	415,701	350,541	12%
Net Profit After Tax	1,127,771	920,447	23%
Non-Controlling Interest	(78,434)	(9,587)	718%
Net Profit After Tax & Minority Interest	1,049,337	910,860	15%
Net Profit After Tax & Minority Interest margin	9%	10%	(1pp)

Consolidated Balance Sheet Items²

EGP Thousand	September 30, 2023	December 31, 2022
Total long - Term Assets	26,994,537	23,488,367
Total Current Assets	34,212,726	26,017,630
Total Assets	61,207,263	49,505,997
Total Current Liabilities	32,499,287	27,269,290
Total Long Term Liabilities	17,568,858	12,568,858
Equity Attributable to Equity Holders of Parent Co.	10,586,317	9,690,480
Non-Controlling Interest	552,801	481,106
Total Shareholders' Equity	11,139,118	10,171,586
Total Equity & Long-Term Liabilities	28,707,976	22,236,707

Consolidated Cash Flow Statement²

EGP Thousand	September 30, 2023	September 30, 2022
Net Profit for the Period (Before Income Tax & Non-Controlling Interest)	1,543,946	1,291,697
Operating Profit Before Changes in Working Capital Items	2,254,181	1,789,361
Cash Flows from Operating Activities	(88,642)	(683,440)
Cash Flows from Investing Activities	(515,070)	(125,980)
Cash Flows from Financing Activities	1,615,167	999,676
Cash & Cash Equivalents as of September 30, 2023	2,172,753	1,208,101

2- Selected Company's Consolidated Financial Statements for the period ended September 30, 2023, prepared in accordance with Egyptian Accounting Standards ("EAS"), can be downloaded from our Company's website: www.palmhillsdevelopments.com



9M2023 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 30.6 million square meters ("sqm"). PHD's product offerings include primary homes in West Cairo, East Cairo and Alexandria, as well as secondary homes on the North Coast (Mediterranean Sea).

As at end of 9M2023, PHD delivered more than 14,700 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.EGP35 billion. PHD is listed and traded on the Egyptian Stock Exchange under the symbol "PHDC.CA". For more information, please visit: <https://ir.palmhillsdevelopments.com/>

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Disclaimer

This report contains statements that could be construed as forward looking. These statements appear in several places in this report 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 report, which is not intended to reflect Palm Hills Developments business or acquisition strategy or the occurrence of unanticipated events.