



4Q2019 Earnings Release

PHD achieve 20% YoY growth in New Sales to record EGP14.9 billion during FY2019, compared to EGP12.5 billion in FY2018, beating market consensus and exceeding its EGP14 billion target. PHD record positive Cash Flows from Operations of EGP1.7 billion, the highest ever in the Company's history, compared to a negative EGP537 million in the previous year

Cairo/London (February 25, 2020) - Palm Hills Developments S.A.E. ("PHD" or "the Company") (EGX: PHDC.CA, PHDC.LI), a leading real estate developer in Egypt, announced its consolidated financial and operating results for the financial period ended December 31, 2019.

Key Highlights

- New Sales (Residential and Commercial) grew 20% YoY to record EGP14.9 billion in FY2019, translating into 2,470 units. Badya, The Crown, Palm Hills Alexandria, and Palm Hills New Cairo were the largest contributors to New Sales in 2019. In FY2019, Commercial New Sales stood at EGP1.0 billion, largely driven by the sale of office space in Golf Central for EGP684 million. While Hale Town and the Lane Mall contributed EGP143 million and EGP106 million respectively.
- Revenue amounted to EGP6.2 billion in FY2019, a decrease of 16% YoY, mostly due to the YoY decrease in the number of handed over units, as most projects currently under development are nearing completion, noting that PHD had 708 units released from construction (in the process of handing over), including 250 units in Capital Gardens a couple of quarters ahead of schedule. PHD maintained a healthy Gross Profit margin of 37% in FY2019, compared to 35% in FY2018, mainly driven by the YoY growth in the value of units delivered.
- In FY2019, EBITDA stood at EGP1.4 billion, a margin of 22%. Net Profit after Tax and Minority Interest amounted to EGP847 million, a growth of 4% YoY, implying a Net Profit margin of 14% and growth of 3pp YoY.
- During the year, PHD concluded two securitization transactions for gross receivables of EGP1.5 billion, as part of the Company's plans to optimize leverage via monetization of receivables associated with handed over residential units.
- As part of the leverage optimization program, PHD inked EGP1.1 billion syndicated medium-term loan to refinance Golf Views, Golf Extension and Palm Hills Katameya with Commercial International Bank of Egypt in December 2019. Furthermore, the Company signed EGP505 million credit facility to refinance Palm Parks with Ahli United Bank Egypt in January 2020. PHD received competitive financing packages on both facilities, which reduces the Company's financing charges moving forward. With the welcomed CBE's MPC's interest rate easing policy that was implemented since the beginning of 2019, the Company expects to conclude further debt restructuring transactions during 2020.
- PHD achieved positive Cash Flows from Operations of EGP1.7 billion in FY2019, the highest in the Company's history, compared to a negative balance of EGP537 million in FY2018. Management expects such trend to continue during 2020.
- The Company spent EGP1.9 billion on construction activities during the year, mainly on Badya, Palm Hills New Cairo, Palm Hills Katameya, Hacienda Bay, Golf Extension, Capital Gardens, Golf Views, Palm Valley, Woodville and The Crown.
- Regarding handovers, PHD delivered 964 residential and commercial units during FY2019 mainly in the following projects: Woodville, Golf Extension, Golf Views, Palm Parks, Hacienda Bay, and Hacienda White 2. Since 2Q2019, the Company commenced early handovers in Palm Valley (133 units). In addition, the delivery of 68 units in Capital Gardens during 4Q2019, a couple of quarters ahead of planned handover schedule.

Yasseen Mansour, Chairman & Group CEO Comments:

I am pleased to share with you our full year 2019 financial and operational results. We promised the market to achieve positive Cash Flows from Operations during the year and we reached the EGP1.7 billion mark, which further solidifies our financial position, as we reversed the negative trend of 2018.

We refinanced some of our existing debt at much competitive terms, which is a strong testimony to the Company's sound and steadily improving financial position. We expect to optimize and restructure further debt during 2020.

We are ahead of schedule on all projects deliveries, evidenced by the early handovers in Palm Valley and Capital Gardens.

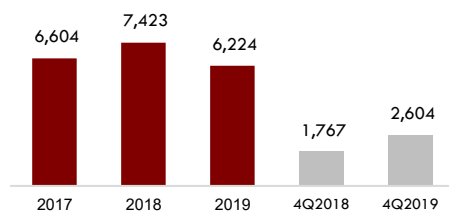
Despite the challenging market conditions witnessed during 2019, we have increased our market share and increased New Sales by 20% YoY from EGP12.5 billion in FY2018, to record EGP14.9 billion in FY2019, which is 6% higher than our previously announced target of EGP14 billion. We sold 2,470 units during the year, of which majority were sold in Badya, The Crown, Palm Hills Alexandria, and Palm Hills New Cairo. The fourth quarter of 2019 was one of the strongest quarters ever, where we saw an improvement in market momentum.

Looking at our Net Debt position, it amounted to EGP1.7 billion by end of FY2019, compared to EGP1.9 billion by end of FY2018. Receivables grew to EGP21.3 billion, where it covers Net Debt by 12.7 times. Net Debt/EBITDA stood at 1.2 times by end of FY2019.

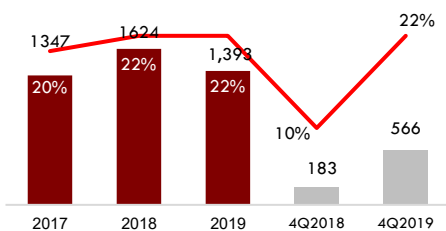
We are planning to engage in further securitization and discounting transactions with a gross receivables portfolio of up to c. EGP1.2 billion during 2020, as the interest rate environment improve further, complemented by the conclusion of projects currently under developments.

Looking ahead into FY2020 financial targets, we expect to maintain 2019's New Sales level and spend c. EGP1.8 billion on construction.

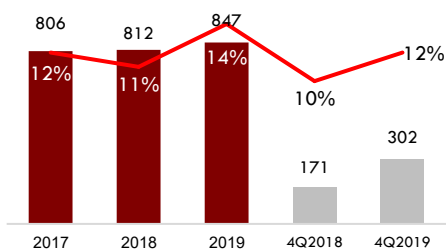
Revenue
(2017-2019, EGP Million)



EBITDA & EBITDA Margin
(2017-2019, EGP Million)



Net Profit after Tax & Minority Interest
(2017-2019, EGP Million)



Financial Review

EGP Million	4Q2019	4Q2018	Change	FY2019	FY2018	Change
Revenue	2,604	1,767	47%	6,224	7,423	(16%)
Gross Profit	884	466	90%	2,329	2,587	(10%)
Gross Profit margin	34%	26%	8pp	37%	35%	2pp
EBITDA	566	183	210%	1,393	1,624	(14%)
EBITDA margin	22%	10%	12pp	22%	22%	-
Net Profit before Tax & Minority Interest	349	172	103%	1,005	1,159	(13%)
Net Profit after Tax & Minority Interest	302	171	76%	847	812	4%
Net Profit margin	12%	10%	2pp	14%	11%	3pp

In FY2019, Revenue amounted to EGP6.2 billion, a decrease of 16% YoY, mostly due to lower handed over residential units' YoY, as most projects currently under development are nearing completion, noting that PHD had 708 units released from construction by end of FY2019. While Revenue in 4Q2019 increased 47% YoY to reach EGP2.6 billion, following the stellar sales performance during the quarter, complemented by the handover of 284 units.

Gross Profit stood for the full year at EGP2.3 billion, translating into a Gross Profit margin of 37%, mostly due to the handover of high margin units. While Gross Profit for 4Q2019 grew 90% YoY to EGP884 million, a margin of 34%. In FY2019, EBITDA stood at EGP1.4 billion, a margin of 22%. EBITDA for 4Q2019 grew 210% YoY reaching EGP566 million. Net Profit after Tax and Minority Interest amounted to EGP847 million in FY2019, a growth of 4% YoY, implying a Net Profit margin of 14%, a growth of 3pp YoY. While Net Profit for the quarter increased 76% YoY to EGP302 million.

Net Debt amounted to EGP1.7 billion by end of FY2019, compared to EGP1.9 billion by end of FY2018, with Receivables of EGP21.3 billion solidifying our Balance Sheet where Receivables cover Net Debt 12.7 times. Net Debt/EBITDA stood at 1.2 times at year end.

Operational Review

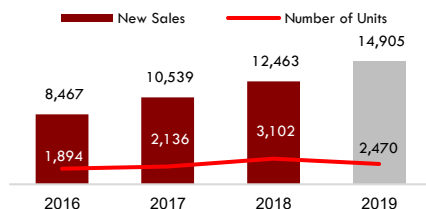
New Sales recorded 20% YoY growth to EGP14.9 billion, of which EGP13.9 billion was generated from residential sales and EGP1.0 billion from the commercial segment. The Company sold 2,470 units during FY2019. Badya, The Crown, Palm Hills Alexandria and Palm Hills New Cairo were the largest contributors to New Sales in 2019.

Commercial New Sales stood at EGP1.0 billion during FY2019, largely driven by the sale of office space in Golf Central for EGP684 million. While Hale Town and the Lane Mall contributed EGP143 million and EGP106 million respectively.

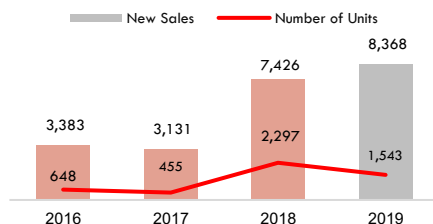


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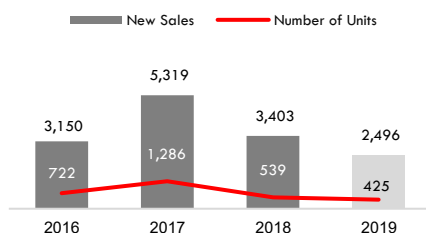
New Sales, All Regions¹ (2016-2019, EGP Million)



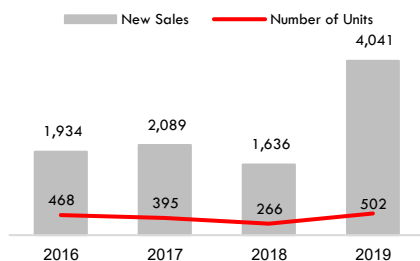
New Sales, West Cairo¹ (2016-2019, EGP Million)



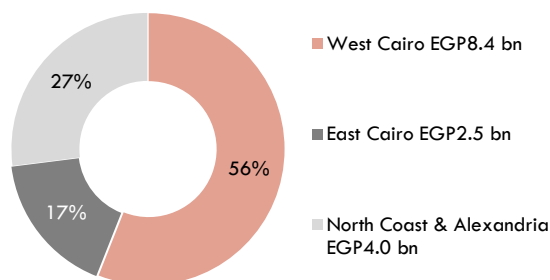
New Sales, East Cairo¹ (2016-2019, EGP Million)



New Sales, North Coast & Alexandria¹ (2016-2019, EGP Million)



The following chart shows percentage contribution of each operating region to New Sales during the year:



In West Cairo, New Sales amounted to EGP8.4 billion, of which EGP7.4 billion was generated from the sale of residential units across all the projects, with the balance generated by the commercial segment. The largest contributors to residential sales were Badya, The Crown and Palm Parks. While commercial sales were driven mainly by Golf Central, as it generated EGP684 million, followed by Hale Town (EGP143 million) and The Lane Mall (EGP106 million).

In East Cairo, New Sales stood at EGP2.5 billion in FY2019, of which EGP2.4 billion was generated from Palm Hills New Cairo.

North Coast and Alexandria recorded New Sales of EGP4.0 billion during FY2019, fueled by demand for Palm Hills Alexandria and Hacienda Bay.

The Company handed over 964 residential and commercial units during FY2019 mainly in these projects: Woodville, Golf Extension, Golf Views, Palm Parks, Hacienda Bay, and Hacienda White 2. The Company delivered 133 units in Palm Valley in West Cairo ahead of schedule starting from 2Q2019. Furthermore, PHD handed over 68 units in Capital Gardens during 4Q2019, a couple of quarters ahead of planned handover schedule, as the first phase of said project is nearing completion.

Number of memberships in Palm Hills Club stood at 3,461 memberships by end of 2019.

¹ - New Sales represent Gross New Sales which includes residential and commercial segments.

Consolidated Income Statement ² (Egyptian Accounting Standards)

In EGP 000's	4Q2019	4Q2018	%	FY2019	FY2018	%
Revenue	2,604,404	1,766,740	47%	6,224,424	7,422,756	(16%)
Cost of Revenue	(1,720,298)	(1,300,562)	32%	(3,895,402)	(4,835,433)	(19%)
Gross Profit	884,106	466,179	90%	2,329,022	2,587,323	(10%)
<i>Gross Profit margin</i>	34%	26%	8pp	37%	35%	2pp
General Administrative, Selling and Marketing Expenses	(317,982)	(283,288)	12%	(936,434)	(963,480)	(3%)
EBITDA	566,123	182,891	210%	1,392,588	1,623,843	(14%)
<i>EBITDA margin</i>	22%	10%	12pp	22%	22%	-
Administrative Depreciation	(18,136)	(25,402)	(29%)	(80,340)	(66,807)	20%
Operating Profit	547,987	157,489	248%	1,312,247	1,557,035	(16%)
Less:						
Finance Cost & Interests	(116,774)	7,671	NA	(244,647)	(200,064)	22%
Securitization of Notes Receivables	(39,523)	-	NA	(80,524)	(114,003)	(29%)
Interest on Land Purchase Liabilities	(81,077)	(59,123)	37%	(235,495)	(249,565)	(6%)
Provisions	915	(59)	NA	68,663	(12,248)	NA
Add:						
Interest Income - Amortization of Discount on Notes Receivables	22,359	20,131	11%	89,435	80,526	11%
Gain from Held for Trading Investment	2,753	2,550	8%	11,046	8,693	27%
Interest Income on Held to Maturity Investments	11,989	43,137	(72%)	84,019	88,882	(5%)
Net Profit Before Income Tax & Minority Interest	348,630	171,796	103%	1,004,744	1,159,257	(13%)
Income Tax Expense	(37,048)	24,338	NA	(97,602)	(251,517)	(61%)
Deferred Tax	(372)	(420)	(12%)	(916)	(874)	5%
Net Profit After Tax	311,210	195,714	59%	906,226	906,866	-
Non-Controlling Interest	(8,734)	(24,191)	(64%)	(59,441)	(95,124)	(38%)
Net Profit After Tax & Minority Interest	302,476	171,523	76%	846,785	811,742	4%
<i>Net Profit After Tax & Minority Interest margin</i>	12%	10%	2pp	14%	11%	3pp

2- The Company's consolidated financial statements for the period ended December 31, 2019, prepared in accordance with Egyptian Accounting Standards ('EAS'), can be downloaded from our Company's website: www.palmhillsdevelopments.com



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Consolidated Balance Sheet (Egyptian Accounting Standards)

EGP Thousand	December 31, 2019	December 31, 2018
Long-Term Assets		
Investments in Associates	143,370	97,447
Investment Property	393,483	769,612
Notes Receivable - Long Term	15,318,677	12,991,366
Projects Under Construction	1,739,437	106,030
Advance Payments for Investments Acquisitions	194,907	194,598
Fixed Assets (net)	1,353,869	1,427,791
Deferred Tax Asset	3,549	4,469
Employee Stock Ownership Plan	68,172	-
Other Long - Term Assets	1,391	1,391
Total Long - Term Assets	19,216,854	15,592,705
Current Assets		
Works in Process	8,115,250	9,091,530
Held to Maturity Investments	924,376	1,750,819
Cash	1,375,178	955,738
Notes Receivable - Short Term	4,691,813	4,235,390
Investments at Fair Value	87,513	75,867
Accounts Receivable	1,272,279	1,061,705
Suppliers - Advance Payments	451,528	494,373
Debtors & Other Debit Balances	917,361	984,451
Due from Related Parties	418,965	359,633
Total Current Assets	18,254,266	19,009,505
Total Assets	37,471,118	34,602,210
Current Liabilities		
Banks - Credit Balances	87,238	57,736
Banks - Overdraft	963,312	897,807
Advances from Customers	14,212,609	11,484,809
Completion of Infrastructure Liabilities	95,083	95,083
Provisions	180,718	251,706
Current Portion of Land Purchase Liabilities	235,683	158,982
Notes Payable - Short Term	1,750,902	1,586,918
Current Portion of Term Loans	295,133	1,101,130
Suppliers & Contractors	762,160	704,440
Income Tax Payable	97,622	251,569
Creditors & Other Credit Balances	630,784	617,219
Due to Joint Arrangements Partners	1,081,182	749,683
Due to related Parties	6,639	28,188
Total Current Liabilities	20,399,065	17,985,272
Working Capital	(2,144,802)	1,024,234
Total Investment	17,072,053	16,616,938
<i>Financed as Follows:</i>		
Shareholders' Equity		
Issued and Paid-In Capital	6,235,199	6,157,199
Legal Reserve	738,358	708,524
Special Reserve	176,513	476,064
ESOP Re-measurement Reserve	(9,828)	-
Retained Earnings	995,811	556,922
Net Profit for the period	846,785	811,742
Equity Attributable to Equity Holders of Parent Co.	8,982,838	8,710,451
Non-Controlling Interest	554,742	505,090
Total Shareholders' Equity	9,537,581	9,215,541
Long Term Liabilities		
Land Purchase Liabilities	150,258	298,280
Notes Payable - Long Term	1,438,142	1,660,457
Other Long-Term Liabilities - Residents' Association	2,372,856	1,671,536
Loans	2,801,073	2,657,712
Due to Joint Arrangements Partners	772,143	1,113,414
Total Long-Term Liabilities	7,534,472	7,401,399
Total Equity & Long-Term Liabilities	17,072,053	16,616,938



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Cash Flow Statement

(Egyptian Accounting Standards)

EGP Thousand	December 31, 2019	December 31, 2018
Net Profit for the Period (Before Income Tax & Non-Controlling Interest)	1,004,744	1,159,257
Interest on Land Purchase Liabilities	235,495	249,565
Administrative Depreciation	102,206	85,077
Provision Formed	1,476	12,248
Finance Costs & Interest	244,647	200,064
Interest on Discounted Receivables	80,524	114,003
Share of Profit/Loss of Associates	(13,753)	(11,852)
Gain (loss) on Disposal of Fixed Assets	(486)	(1,039)
Interest Income - Amortization of Discount on Notes Receivables	(89,435)	(80,526)
Gains on Investments in Fair Value through Profit or Loss	(11,046)	(8,693)
Interest Income on held to Maturity Investments	(84,019)	(88,882)
Provisions no Longer Required	(70,139)	-
Operating Profit Before Changes in Working Capital Items	1,400,214	1,629,220
Cash flow from Operating Activities		
Change in Work in Process	(313,727)	(204,574)
Change in Notes Receivables	(2,694,298)	(2,873,286)
Change in Investments in Fair Value through Profit or Loss	826,442	(1,282,884)
Change in Held to Maturity Investments	(11,646)	(24,440)
Change in Accounts Receivable	(210,574)	(178,362)
Change in Suppliers - Advance Payments	42,844	(8,289)
Change in Debtors & Other Debit Balances	(410,218)	(395,240)
Change in Due from Related Parties	(59,333)	(108,225)
Change in Due to Joint Arrangement Partners	-	50,000
Change in Advances from Customers	2,727,800	1,352,641
Provisions	(2,325)	(786)
Change in Due to Related Parties	(3,717)	(68,429)
change in Notes Payables	(293,825)	(154,744)
Change in Suppliers & Contractors	57,720	161,047
Income Tax Paid	(251,549)	(162,048)
Change in Creditors and Other Credit Balances	13,565	93,791
Change in Other Long Term - Residents' Association	878,378	588,327
Change in Guaranteed Payments - Joint Arrangements	(9,772)	1,049,025
Net Cash (Used In) Operating Activities	1,685,980	(537,252)
Cash Flows from Investing Activities		
Payments for Purchase of Fixed Assets	(35,632)	(52,297)
Proceeds from Sale of Fixed Assets	958	1,250
Payments Advance for Investments	(50,000)	(1,979)
Payments for Associates Investment	(309)	(10,262)
Payments for Projects Under Construction	(10,129)	(9,581)
Payment for Real Estate Investment	(25,731)	(12,673)
Proceeds from Investments in Fair Value through Profit or Loss	11,046	8,693
Proceeds from Held to Maturity Investments	84,019	88,882
Cash Flows from Investing Activities	(25,778)	12,032
Cash Flows from Financing Activities		
Proceeds from Capital Increase	-	1,539,299
Banks - Credit Balances	29,502	7,175
Banks - Overdraft	65,505	523,111
Adjustments to Retained Earnings	(300,177)	(299,129)
Proceeds from ESOP	-	40,404
Non-Controlling Interest - Dividends	(9,789)	(128,471)
Deferred Tax	3	141
Proceeds from Loans	1,396,413	566,192
Repayment of Loans	(2,097,046)	(1,015,730)
Finance Costs & Interests	(325,172)	(314,067)
Net Cash Provided by Financing Activities	(1,240,761)	918,928
Net Cash Flow During the Period	419,440	393,707
Cash & Cash Equivalents at Beginning of the Period	955,737	562,030
Cash & Cash Equivalents as at December 31, 2019	1,375,178	955,738



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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 41.8 million square meters ("sqm") in Egypt, including 5 million sqm in Saudi Arabia. PHD's product offerings include primary homes on both West Cairo and East Cairo, as well as secondary homes by the Mediterranean Sea, North Coast.

As at end of FY2019, PHD delivered 10,611 units within its developments. Today, PHD has 8 projects under development, 3 projects in West Cairo, 3 projects in East Cairo and 2 projects in the North Coast, in addition to 7 new projects including 6 co-developments, translating into a sales backlog of c.EGP15 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". The Company has a GDR listing on the London Stock Exchange, and is traded under the symbol "PHDC.LI". For more information, please visit: www.palmhillsdevelopments.com/

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