



1Q2020 Earnings Release

PHD achieve New Sales of EGP1.7 billion during 1Q2020, despite the postponement of new launches, cancelled marketing events and the COVID-19 pandemic's negative impact on the property market and customers' spending

Cairo/London (June 28, 2020) - Palm Hills Developments S.A.E. ("PHD" or "the Company") (EGX: PHDC.CA, PHDC.LI), a leading real estate developer in Egypt, announce its consolidated financial and operating results for the financial period ended March 31, 2020.

Key Highlights

- Despite the postponement of new launches, cancelled marketing events and the COVID-19 pandemic's negative impact on the property market and customers' spending, PHD's New Sales (Residential and Commercial) stood at EGP1.7 billion (261 units) during 1Q2020, which represents a growth of 39% YoY, should we remove Palm Hills Alexandria's Expression of Interest of EGP1 billion from 1Q2019 New Sales. Commercial New Sales amounted to EGP209 million during 1Q2020, largely driven by the sale of office space in Golf Central for EGP106 million.
- Revenue grew 18% YoY to EGP1.1 billion during 1Q2020, compared to EGP958 million during the same period last year. Gross Profit increased 10% YoY to EGP392 million in 1Q2020, compared to EGP356 million during the same period last year. PHD maintained a healthy Gross Profit margin of 35% in 1Q2020, as opposed to 37% in 1Q2019. The YoY decrease in Gross Profit margin resulted mainly from the handover of lower margin units during 1Q2020. EBITDA stood at EGP204 million, a margin of 18% during 1Q2020. Net Profit after Tax and Minority Interest amounted to EGP81 million, implying a Net Profit margin of 7%.
- As part of the leverage optimization program, PHD inked EGP505 million credit facility with Ahli United Bank Egypt during January 2020, to refinance some of its existing debt on Palm Parks at a competitive financing package. The Loan will refinance outstanding balance of the existing facility on Palm Parks, in addition to funding the project's updated investment cost and remaining construction works to speed up the project's completion.
- Last week, the Company inked a medium-term syndicated facility of EGP365 million with Arab African International Bank and Banque Misr, with better financing terms, after paying off an existing facility, which led to c.2% lower Interest Expenses. Said facility will mostly finance the remaining investment cost of Hacienda Bay.
- PHD spent EGP368 million on construction activities during 1Q2020. In Badya, the development of 155 villas was 50% completed. The Company concluded all construction works in Golf Extension, Woodville, Palm Valley, completed 60% of The Crown zone A, and commenced construction of Palm Parks's zone C. Furthermore, PHD started the development of the first 15 villas in Palm Hills Alexandria.
- Looking at handovers, the Company delivered 135 residential and commercial units during 1Q2020 mainly in the following projects: Capital Gardens, Golf Extension, Woodville, Palm Hills Katameya and Hacienda Bay. Handovers were negatively impacted by the COVID-19 pandemic and delays from customers in receiving their units, as the Company had an additional 610 units released from construction during the period.
- The Company inked co-development agreement of a mixed-use community in a prime location in Ain Sokhna with Al Shorouk for Touristic Developments during June 2020. The project spreads over 116 feddan with 1.5 km beachfront and will be developed over five phases. It is expected to offer 1,201 units representing a built-up area of up to c.163,655 sqm. PHD recently launched sales and reservations of the first phase which is currently witnessing a healthy demand despite the challenging property market conditions.

Yasseen Mansour, Chairman & Group CEO Comments:

Despite starting 2020 with operational momentum, the increasingly evolving COVID-19 pandemic has negatively impacted humanity and life as we know it. Social distancing, precautionary measures put in place by the Egyptian government, curfews and closure of non-essential business activities, coupled with the growing concerns around health and macro-economic matters, have all contributed to the slowdown in the number of homebuying transactions and handovers of finished products notably since March 2020. Nevertheless, we sold 261 units for EGP1.7 billion during 1Q2020, which represents a growth of 39% YoY, should we remove Palm Hills Alexandria's Expression of Interest of EGP1 billion from 1Q2019 New Sales.

We have prioritized the health, safety and wellbeing of our staff, clients and contractors while ensuring business continuity. We have business continuity protocols that allow us to continue our day-to-day activities while adjusting to the new normal. We deployed a work from home policy and now running at 50% capacity of employees at various premises and 100% capacity at construction sites, complemented by various necessary precautionary and safety measures in all construction sites, sales offices and headquarters. In April 2020, we placed one of our hotel properties under the supervision of the Egyptian Ministry of Health to confront COVID-19, coupled with EGP5 million of financial aid, in addition to addressing the needs of 10,000 affected families by EGP2.5 million. We are facilitating several medical services to support our residents within our living communities including the sterilization of homes within our developments, distribution of health kits with personal protective equipment plus standby doctors' support free of charge, as well as fulfilling various medication requests, consultancy, scans and blood test services.

As the magnitude and duration of COVID-19 impact on the property market and customers' behaviors can't be precisely quantified at this point, we have decided to cut our previously announced guidance for FY2020. We expect a reduction in New Sales target by 20% to c. EGP12 billion for the full year, instead of EGP15 billion, as we have always met and surpassed our targets during the last 7 years. We continue to assess and monitor our capital allocation priorities, whereby we reduced our SG&A expenditures by 10-15% and budgeted construction spending to EGP1.2 billion, to ensure we close the year with a healthy positive Cash Flow from Operations of c. EGP0.5 billion excluding securitization.

We expect to engage in securitization transactions for a gross receivables portfolio of c. EGP1.5 billion during 2H2020. As at end of 1Q2020, the Company's Cash and Cash Equivalents amounted to EGP2.0 billion, while Net Debt amounted to EGP2.2 billion. We expect to finish the year with a Net Debt of c. EGP1.5 billion. Our Receivables recorded EGP21.7 billion, covering Net Debt 10 times in 1Q2020.

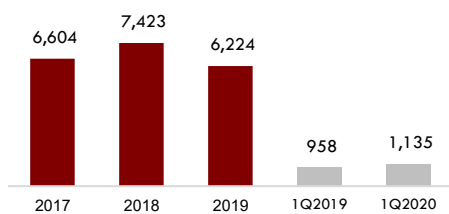
We are pleased to announce signing a Memorandum of Understanding and setting up a joint venture with CI Capital's minority-owned investment Taaleem Management Services, Egypt's leading higher education platform, with the purpose of establishing a higher education campus in Badya. The campus further

cements Badya's positioning as an integrated development that address all its residents' needs and cater to others living in West Cairo. We believe Taaleem is the right partner with its proven track record and solid credentials.

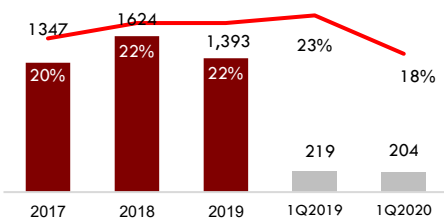
The Board of Directors has approved a voluntary delisting of our Depository Receipts' program from the London Stock Exchange, to trade only over the counter, subject to shareholders' approval in the next Extraordinary General Assembly.

Capitalizing on our credibility, brand equity, resilient and geographically diversified portfolio of projects, the hard work and dedication of employees, we are confident of our ability to overcome the current challenging circumstances, as we have steered through difficult business cycles in the past 21 years and emerged much stronger. At PHD, we build everything for the long-term. The COVID-19 pandemic does not change that.

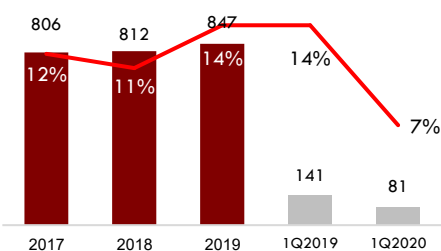
Revenue
(2017-1Q2020, EGP Million)



EBITDA & EBITDA Margin
(2017-1Q2020, EGP Million)



Net Profit after Tax & Minority Interest
(2017-1Q2020, EGP Million)



Financial Review

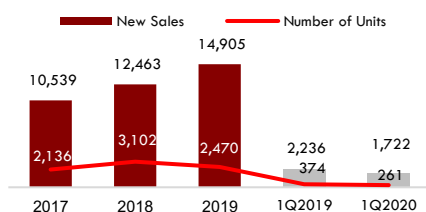
| EGP Million | 1Q2020 | 1Q2019 | Change |
|---|--------|--------|--------|
| Revenue | 1,135 | 958 | 18% |
| Gross Profit | 392 | 356 | 10% |
| Gross Profit margin | 35% | 37% | (2pp) |
| EBITDA | 204 | 219 | (7%) |
| EBITDA margin | 18% | 23% | (5pp) |
| Net Profit before Tax & Minority Interest | 108 | 193 | (44%) |
| Net Profit after Tax & Minority Interest | 81 | 141 | (42%) |
| Net Profit margin | 7% | 15% | (8pp) |

Revenue grew 18% YoY to EGP1.1 billion in 1Q2020, compared to EGP958 million during 1Q2019. Gross Profit increased 10% YoY to EGP392 million in 1Q2020, compared to EGP356 million during the same period last year. PHD maintained a healthy Gross Profit margin of 35% in 1Q2020, as opposed to 37% in 1Q2019. The YoY decrease in Gross Profit margin resulted mainly from the handover of lower margin units during 1Q2020.

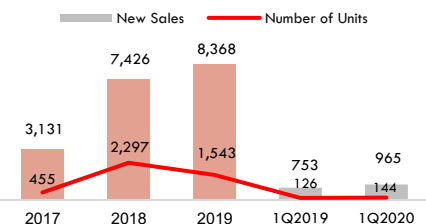
While EBITDA amounted to EGP204 million, a margin of 18% in 1Q2020, compared to 23% during the same period last year, mostly due to an increase in Marketing Expenses of projects that were postponed due to the current circumstances, such as West Lane, Palm Park's commercial strip mall. Net Profit after Tax and Minority Interest amounted to EGP81 million in 1Q2020, a decrease of 42% YoY, implying a Net Profit margin of 7%.

Net Debt amounted to EGP2.2 billion by end of 1Q2020, with Receivables of EGP21.7 billion solidifying our Balance Sheet where Receivables cover Net Debt 10 times. Net Debt/EBITDA stood at 2.7 times by end of 1Q2020.

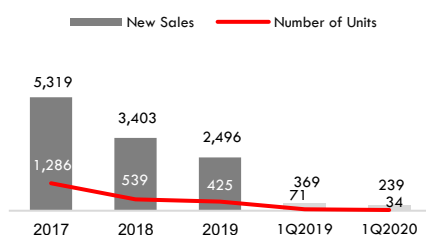
New Sales, All Regions¹ (2017-1Q2020, EGP Million)



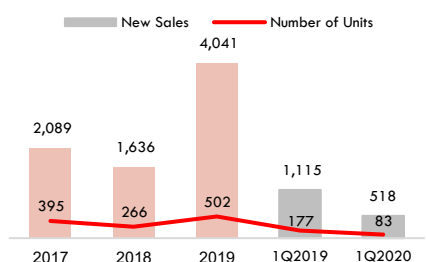
New Sales, West Cairo¹ (2017-1Q2020, EGP Million)



New Sales, East Cairo¹ (2017-1Q2020, EGP Million)

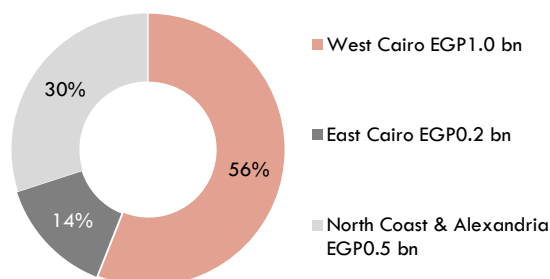


New Sales, North Coast & Alexandria¹ (2017-1Q2020, EGP Million)



Operational Review

New Sales (Residential and Commercial) amounted to EGP1.7 billion in 1Q2020, despite the postponement of new launches, cancelled marketing events and the COVID-19 pandemic's negative impact on the property market and customers' spending. Should we remove Palm Hills Alexandria Expression of Interest of EGP1 billion from 1Q2019, New Sales would have shown a growth of 39% YoY in 1Q2020. The Company sold 261 units during 1Q2020 mainly in Badya, The Crown, Palm Hills Alexandria, Palm Hills New Cairo, Hacienda White 2 and Golf Central. Said projects accounted for c.67% of 1Q2020 New Sales or EGP1.1 billion (210 units). Commercial New Sales stood at EGP209 million, of which 51% were driven by the sale of office space in Golf Central. The Company postponed the launch of West Lane strip Mall from 1Q2020 to take place later this year, should the current circumstances and market condition allow for it. The following chart shows percentage contribution of each operating region to New Sales during 1Q2020:



In West Cairo, New Sales amounted to EGP1 billion, of which EGP0.8 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 The Crown, Badya, and Golf Extension, where the latter seen notable contribution following the Ready to Move campaign which was relaunched during 1Q2020. While Commercial New Sales were largely driven by Golf Central, as it generated EGP106 million, followed by The Lane (EGP40 million). In East Cairo, New Sales amounted to EGP0.2 billion in 1Q2020, mainly in Palm Hills New Cairo.

North Coast and Alexandria recorded New Sales of EGP0.5 billion during 1Q2020, mainly in Palm Hills Alexandria and Hacienda White 2. By end of 1Q2020, Palm Hills Alexandria's cumulative sales stood at EGP3.6 billion since its launch. PHD handed over 135 residential and commercial units during 1Q2020 mainly in the following projects: Capital Gardens, Golf Extension, Woodville, Palm Hills Katameya and Hacienda Bay. Handovers were negatively impacted by COVID-19 pandemic and delays from customers in receiving their units, as the Company had an additional 610 units released from construction during the period.

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

Consolidated Income Statement ²

(Egyptian Accounting Standards)

| In EGP 000's | 1Q2020 | 1Q2019 | % |
|---|------------------|----------------|-------|
| Revenue | 1,135,029 | 958,083 | 18% |
| Cost of Revenue | (742,509) | (602,038) | 23% |
| Gross Profit | 392,519 | 356,045 | 10% |
| <i>Gross Profit margin</i> | 35% | 37% | (2pp) |
| General Administrative, Selling and Marketing Expenses | (188,540) | (137,416) | 37% |
| EBITDA | 203,980 | 218,628 | (7%) |
| <i>EBITDA margin</i> | 18% | 23% | (5pp) |
| Administrative Depreciation | (23,495) | (20,764) | (13%) |
| Operating Profit | 180,485 | 197,864 | (9%) |
| Less: | | | |
| Finance Cost & Interests | (61,593) | (54,864) | 12% |
| Securitization of Notes Receivables | - | (8,099) | NA |
| Interest on Land Purchase Liabilities | (26,801) | (81,574) | (67%) |
| Provisions | - | 68,663 | NA |
| Add: | | | |
| Interest Income - Amortization of Discount on Notes Receivables | 4,280 | 22,359 | (81%) |
| Gain from Held for Trading Investment | 9,435 | 45,468 | (21%) |
| Interest Income on Held to Maturity Investments | 2,333 | 2,947 | (79%) |
| Net Profit Before Income Tax & Minority Interest | 108,139 | 192,764 | (44%) |
| Income Tax Expense | (23,422) | (37,669) | (38%) |
| Deferred Tax | (122) | (119) | 3% |
| Net Profit After Tax | 84,595 | 154,977 | (45%) |
| Non-Controlling Interest | (3,332) | (13,816) | (76%) |
| Net Profit After Tax & Minority Interest | 81,263 | 141,161 | (42%) |
| <i>Net Profit After Tax & Minority Interest margin</i> | 7% | 15% | (8pp) |

2- The Company's consolidated financial statements for the period ended March 31, 2020, 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 | March 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Long-Term Assets | | |
| Investments in Associates | 145,196 | 143,370 |
| Investment Property | 390,333 | 393,483 |
| Notes Receivable - Long Term | 15,438,900 | 15,318,677 |
| Projects Under Construction | 1,748,572 | 1,739,437 |
| Advance Payments for Investments Acquisitions | 194,702 | 194,907 |
| Fixed Assets (net) | 1,342,937 | 1,353,869 |
| Deferred Tax Asset | 3,427 | 3,549 |
| Employee Stock Ownership Plan | 41,730 | 68,172 |
| Other Long - Term Assets | 1,391 | 1,391 |
| Total Long - Term Assets | 19,307,395 | 19,216,854 |
| Current Assets | | |
| Works in Process | 7,993,582 | 8,115,250 |
| Held to Maturity Investments | 1,035,917 | 924,376 |
| Cash | 878,578 | 1,375,178 |
| Notes Receivable - Short Term | 4,911,126 | 4,691,813 |
| Investments at Fair Value | 70,709 | 87,513 |
| Accounts Receivable | 1,367,796 | 1,272,279 |
| Suppliers - Advance Payments | 446,406 | 451,528 |
| Debtors & Other Debit Balances | 1,010,295 | 917,361 |
| Due from Related Parties | 428,350 | 418,965 |
| Total Current Assets | 18,142,762 | 18,254,266 |
| Total Assets | 37,450,157 | 37,471,118 |
| Current Liabilities | | |
| Banks - Credit Balances | 64,402 | 87,238 |
| Banks - Overdraft | 974,193 | 963,312 |
| Advances from Customers | 14,621,303 | 14,212,609 |
| Completion of Infrastructure Liabilities | 58,063 | 95,083 |
| Provisions | 180,179 | 180,718 |
| Current Portion of Land Purchase Liabilities | 169,969 | 235,683 |
| Notes Payable - Short Term | 1,363,900 | 1,750,902 |
| Current Portion of Term Loans | 412,001 | 295,133 |
| Suppliers & Contractors | 951,280 | 762,160 |
| Income Tax Payable | 111,122 | 97,622 |
| Creditors & Other Credit Balances | 694,795 | 630,784 |
| Due to Joint Arrangements Partners | 1,258,046 | 1,081,182 |
| Due to related Parties | 6,639 | 6,639 |
| Total Current Liabilities | 20,865,894 | 20,399,065 |
| Working Capital | (2,723,131) | (2,144,802) |
| Total Investment | 16,584,263 | 17,072,053 |
| <i>Financed as Follows:</i> | | |
| Shareholders' Equity | | |
| Issued and Paid-In Capital | 6,235,199 | 6,235,199 |
| Legal Reserve | 778,473 | 738,358 |
| Special Reserve | 176,513 | 176,513 |
| Treasury Shares | (46,990) | - |
| ESOP Re-measurement Reserve | (36,270) | (9,828) |
| Retained Earnings | 1,593,551 | 995,811 |
| Net Profit for the period | 81,262 | 846,785 |
| Equity Attributable to Equity Holders of Parent Co. | 8,781,740 | 8,982,838 |
| Non-Controlling Interest | 549,280 | 554,742 |
| Total Shareholders' Equity | 9,331,019 | 9,537,581 |
| Long Term Liabilities | | |
| Land Purchase Liabilities | 219,309 | 150,258 |
| Notes Payable - Long Term | 1,258,529 | 1,438,142 |
| Other Long-Term Liabilities - Residents' Association | 2,492,012 | 2,372,856 |
| Loans | 2,771,142 | 2,801,073 |
| Due to Joint Arrangements Partners | 512,251 | 772,143 |
| Total Long-Term Liabilities | 7,253,247 | 7,534,472 |
| Total Equity & Long-Term Liabilities | 16,584,264 | 17,072,053 |

Cash Flow Statement

(Egyptian Accounting Standards)

| EGP Thousand | March 31, 2020 | March 31, 2019 |
|---|------------------|------------------|
| Net Profit for the Period (Before Income Tax & Non-Controlling Interest) | 108,139 | 192,764 |
| Interest on Land Purchase Liabilities | 26,801 | 81,574 |
| Administrative Depreciation | 28,733 | 25,540 |
| Provision Formed | - | 1,476 |
| Finance Costs & Interest | 61,593 | 54,864 |
| Interest on Discounted Receivables | - | 8,099 |
| Share of Profit/Loss of Associates | 7,307 | 1,706 |
| Gain (loss) on Disposal of Fixed Assets | (25) | (2) |
| Interest Income - Amortization of Discount on Notes Receivables | (4,280) | (22,358) |
| Gains on Investments in Fair Value through Profit or Loss | (2,333) | (2,946) |
| Provisions no Longer Required | - | (70,139) |
| Gains and losses on Held to Maturity Investments | (9,435) | (45,468) |
| Operating Profit Before Changes in Working Capital Items | 216,499 | 225,108 |
| Cash flow from Operating Activities | | |
| Change in Work in Process | 127,055 | (210,449) |
| Change in Notes Receivables | (335,256) | 1,032,723 |
| Change in Investments in Fair Value through Profit or Loss | 16,803 | 5,162 |
| Change in Held to Maturity Investments | (111,540) | 888,303 |
| Change in Accounts Receivable | (95,516) | (18,688) |
| Change in Suppliers - Advance Payments | 5,122 | 15,021 |
| Change in Debtors & Other Debit Balances | (92,934) | (249,961) |
| Change in Due from Related Parties | (9,384) | (14,813) |
| Change in Advances from Customers | 408,693 | (449,907) |
| Provisions | (538) | (898) |
| Change in Due to Related Parties | 6 | 407 |
| change in Notes Payables | (593,416) | (321,215) |
| Change in Suppliers & Contractors | 189,119 | (150,475) |
| Income Tax Paid | (9,922) | 51 |
| Change in Creditors and Other Credit Balances | 64,011 | (23,480) |
| Change in Other Long Term - Residents' Association | 119,156 | 74,717 |
| Change in Guaranteed Payments - Joint Arrangements | (83,027) | (64,603) |
| Change in Completion of Infrastructure | (37,021) | - |
| Net Cash (Used In) Operating Activities | (222,001) | 737,005 |
| Cash Flows from Investing Activities | | |
| Payments for Purchase of Fixed Assets | (16,293) | (6,968) |
| Proceeds from Sale of Fixed Assets | 163 | 21 |
| Payments for Associates Investment | (9,133) | (50,000) |
| Payments for Projects Under Construction | (9,135) | (1,026) |
| Payments Advance for Investments | (547) | (1,719) |
| Proceeds from Investments in Fair Value through Profit or Loss | 2,333 | 2,947 |
| Proceeds from Held to Maturity Investments | 9,435 | 45,468 |
| Cash Flows from Investing Activities | (23,177) | (11,277) |
| Cash Flows from Financing Activities | | |
| Credit Balance | (22,835) | 10,591 |
| Banks - Overdraft | 10,880 | 2,746 |
| Treasury Shares | (46,990) | - |
| Adjustments to Retained Earnings | (208,930) | (63,509) |
| Minority Interests | (8,794) | (9,789) |
| Non-Controlling Interest – Dividends | - | - |
| Deferred Tax | - | 3 |
| Proceeds from Loans | 411,548 | 49,634 |
| Repayment of Loans | (324,611) | (460,115) |
| Finance Costs & Interests | (61,592) | (62,963) |
| Net Cash Provided by Financing Activities | (251,324) | (533,403) |
| Net Cash Flow During the Period | (496,599) | 192,321 |
| Cash & Cash Equivalents at Beginning of the Period | 1,375,178 | 955,737 |
| Cash & Cash Equivalents as at March 31, 2020 | 878,578 | 1,148,058 |



1Q2020 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, as well as secondary homes in the North Coast (Mediterranean Sea) and Ain Sokhna (Red Sea).

As at end of 1Q2020, PHD delivered 10,746 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.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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