



1Q2021 Earnings Release

PHD achieves New Sales of EGP3.4 billion in 1Q2021, a growth of 98% YoY, translating into Revenue growth of 74% YoY. Net Profit After Tax & Minority Interest stood at EGP205 million, an increase of 152% YoY

Cairo on June 15, 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 March 31, 2021.

Financial Highlights

- Revenue for the quarter amounted to EGP2.0 billion, a growth of 74% YoY, following the surge in New Sales in both residential and commercial segments, largely supported by strong demand for Palm Hills New Cairo, Badya and the recently launched Palm Hills Alamein, complemented by contribution from Ready to Move products sold and recognized during the period, as well as the YoY increase in handed over units.
- Gross Profit stood at EGP721 million in 1Q2021, a gross margin of 36% (+ 1 pp YoY). EBITDA doubled YoY to reach EGP408 million in 1Q2021, a margin of 21% (+3 pp YoY). Net Profit after Tax and Minority Interest increased 152% YoY to EGP205 million in 1Q2021. Net Profit margin for the quarter stood at 10% (+3 pp YoY).
- By end of 1Q2021, Net Debt¹ stood at EGP1.0 billion, a decrease of EGP1.2 billion from the same period last year.
- In June 2021, PHD successfully concluded the securitization of gross receivables portfolio of c.EGP1.2 billion in cooperation with Sarwa Capital, in relation to 355 handed over units. The impact of said transaction will reflect in 2Q2021 financial position.

Operational Highlights

- New Sales (Residential and Commercial) recorded a growth of 98% YoY to cross the EGP3.4 billion mark in 1Q2021, compared to EGP1.7 billion during the same period last year. Sales growth was supported by the steady improvements in home buying transactions across all operating regions, complemented by demand for Ready to Move products, and growth in commercial sales. The Company launched Palm Hills Alamein, a 38 feddan project in New Alamein City (North Coast), which contributed EGP371 million during 1Q2021.
- Commercial New Sales amounted to EGP536 million during 1Q2021, a remarkable growth of 157% YoY, mostly driven by the sale of clinics in Hale Town worth EGP255 million, followed by office and retail space in Golf Central for EGP185 million.
- The Company spent EGP681 million on construction activities during the period, compared to EGP368 million during 1Q2020, translating into a growth of 85% YoY, in line with the Company's plans to spend EGP2.5 billion on construction during FY2021.
- Handovers witnessed a remarkable increase of 155% YoY during 1Q2021 reaching 344 residential and commercial units, compared to 135 units delivered during the same period last year. PHD started to hand over units in The Crown and Palm Hills New Cairo ahead of planned delivery schedule.
- PHD had Ready to Move inventory worth c.EGP3.7 billion (278 units) by end of 1Q2021, across a number of 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 March 31, 2021, where our performance continued to witness remarkable improvements amid the current challenging environment.

Our performance improved dramatically during the period as New Sales almost doubled year over year to reach EGP3.4 billion, supported by the recovery in home buying transactions across all operating regions, which started during the second half of 2020, complemented by demand for Ready to Move products, and stellar commercial sales in East and West Cairo.

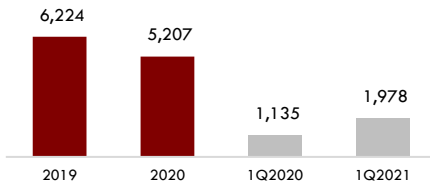
During 1Q2021, we sold 488 units, that is a growth of 87% YoY and handed over 344 units, a remarkable increase of 155% YoY. As we promised the market in previous periods, we continue to outpace our handover schedule in all our projects on contractual delivery dates and remain ahead of schedule in many projects including The Crown and Palm Hills New Cairo, where we started to hand over units already since beginning of this year.

We continue to monitor and optimize our leverage. We ended 1Q2021 with a Net Debt of EGP1.0 billion, a decrease of EGP1.2 billion YoY. Our Balance Sheet remains healthy with Total Equity (unadjusted) of EGP9.4 billion and Receivables of EGP22.9 billion, covering Net Debt 22 times. Net Debt/EBITDA stood at 0.7 times, supported by the steady improvements in our Cash Flow position.

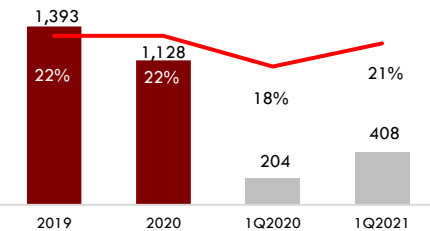
Last week, we successfully concluded our sixth securitization transaction for a gross receivables portfolio of c. EGP1.2 billion, to further strengthen our Balance Sheet. We have securitized gross receivables of approximately EGP5.1 billion since we started the securitization program back in 2016. The securitization program had helped us tremendously in expediting our construction schedule ahead of plans across our projects' portfolio, leading to early deliveries across almost all projects.

To further solidify our Company's leadership, I am delighted to welcome Hazem Badran and Tarek Tantawy to PHD's family as Group Co-CEOs and executive members of the Board of Directors. Their track record and vast experience makes them ideal to lead the Company into the future, building on the great work our Management team achieved during the past two decades. I am excited to work with them, along with our entire senior leadership team. I have full confidence in their ability to maintain and enforce PHD's leading position in Egypt's real estate market.

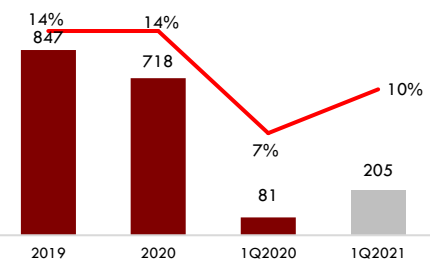
Revenue (2019-1Q2021, EGP Million)



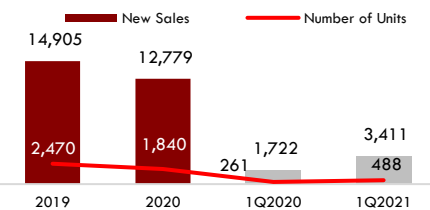
EBITDA & EBITDA Margin (2019-1Q2021, EGP Million)



Net Profit after Tax & Minority Interest (2019-1Q2021, EGP Million)



New Sales, All Regions¹ (2019-1Q2021, EGP Million)



Financial Review

EGP Million	1Q2021	1Q2020	Change
Revenue	1,978	1,135	74%
Gross Profit	721	392	84%
Gross Profit margin	36%	35%	1pp
EBITDA	408	204	100%
EBITDA margin	21%	18%	3pp
Net Profit before Tax & Minority Interest	301	108	179%
Net Profit after Tax & Minority Interest	205	81	152%
Net Profit margin	10%	7%	3pp

During 1Q2021, Revenue reached EGP2.0 billion, a growth of 74% YoY. Revenue growth was fueled by the strong YoY growth in New Sales, complemented by contribution from Ready to Move products sold and recognized during the period, as well as the YoY increase in handed over units.

Gross Profit stood at EGP721 million in 1Q2021, a gross margin of 36%, an increase of 1pp YoY. Improvements in gross margin was led by the increase in New Sales and the handover of higher margin units during 1Q2021.

EBITDA doubled YoY to mark EGP408 million in 1Q2021, a margin of 21%, an improvement in margin of 3pp YoY. Net Profit after Tax and Minority Interest increased 152% YoY to reach EGP205 million in 1Q2021. Net Profit margin for the quarter stood at 10%, an increase of 3pp YoY.

Net Debt reached EGP1.0 billion, a decrease of EGP1.2 billion from the same period last year. Receivables amounted to EGP22.9 billion, covering Net Debt 22 times. Net Debt/EBITDA stood at 0.7 times by end of 1Q2021.

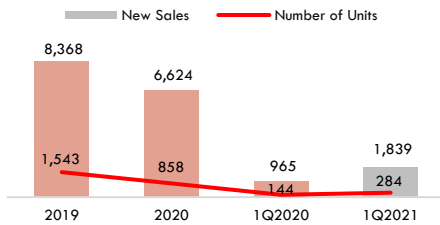
Operational Review

New Sales (Residential and Commercial) amounted to EGP3.4 billion in 1Q2021, a growth of 98% YoY, translating into 488 units sold, compared to 261 units sold during the same period last year.

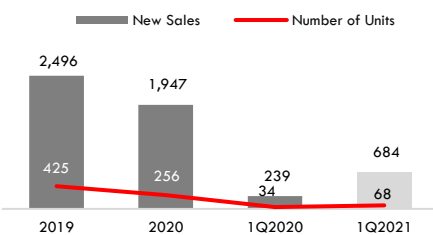
The surge in New Sales during the quarter was supported by the steady improvements in home buying transactions across all operating regions, complemented by demand for the Ready to Move products, as well as the YoY growth in commercial sales in East and West Cairo.

Commercial New Sales amounted to EGP536 million during 1Q2021, a remarkable growth of 157% YoY, mostly driven by the sale of clinics in Hale Town for EGP255 million, followed by office and retail space in Golf Central for EGP185 million. Furthermore, the Company sold commercial units worth EGP39 million in West Land Blvd in Palm Parks and EGP31 million in Golf Views.

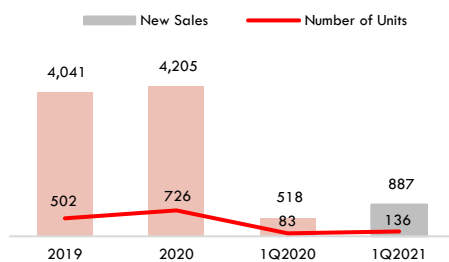
New Sales, West Cairo¹ (2019-1Q2021, EGP Million)



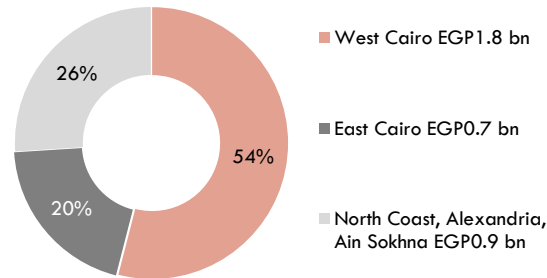
New Sales, East Cairo¹ (2019-1Q2021, EGP Million)



New Sales, North Coast, Alexandria, Ain Sokhna¹ (2019-1Q2021, EGP Million)



The following chart illustrates percentage contribution of each operating region to New Sales during 1Q2021:



In West Cairo, New Sales amounted to EGP1.9 billion in 1Q2021, a growth of 90% YoY. Residential sales contributed EGP1.3 billion, which was generated mainly in Badya (EGP467 million), The Crown (EGP344 million), accompanied by a strong uptake of Ready to Move products mostly in Woodville (EGP188 million) and Golf Extension (EGP157 million). On the Commercial front, PHD achieved New Sales worth EGP535 million during the period, mainly in Hale Town and Golf Central.

In East Cairo, New Sales reached EGP684 million during 1Q2021, an increase of 186% YoY, stimulated by healthy sales in Palm Hills New Cairo, which amounted to EGP540 million.

In the North Coast, Ain Sokhna and Alexandria region, the Company achieved New Sales of EGP887 million during the period, a growth of 71% YoY, supported by the successful launch of Palm Hills Alamein project in the North Coast, which contributed EGP371 million to New Sales during the period.

The Company delivered 344 residential and commercial units during 1Q2021, translating into an increase of 155% YoY in the number of handed over units. PHD started to hand over 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, PK2 Extension, Woodville, Golf Extension, Golf Views, Palm Parks and Palm Valley. Its worthy to highlight that PHD had 609 units released from construction that are available for delivery within livable zone.

PHD spent EGP681 million on construction activities during 1Q2021, compared to EGP368 million during the same period last year, translating into a growth of 85% YoY, in line with the Company's plans to spend EGP2.5 billion on construction during FY2021. In Badya, the Company expects to release 59 units from construction during 3Q2021, including 30 units that will be handed over to clients one year ahead of planned delivery schedule. Furthermore, the development of 228 units' concrete skeleton was completed, from which 200 units are undergoing finishing works.

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



1Q2021 Earnings Release

In Palm Hills New Cairo, the Company released 277 units from construction prior to end of FY2020, including 69 units that were delivered to their respective owners during 1Q2021. PHD expects to start delivering apartments in the first phase of Palm Hills New Cairo during 3Q2021. The Company commenced construction works in Palm Hills Alexandria. In the Crown, PHD released 104 units from construction during 1Q2021, including 44 units delivered to clients. Earthworks has started already on King's School following the completion of its designs. In the North Coast, a number of developments are nearing completion ahead of the summer season.

Consolidated Income Statement ² (Egyptian Accounting Standards)

EGP Thousand	1 Q2021	1 Q2020	%
Revenue	1,977,920	1,135,029	74%
Cost of Revenue	(1,256,391)	(742,509)	69%
Gross Profit	721,528	392,520	84%
<i>Gross Profit margin</i>	36%	35%	1pp
General Administrative, Selling and Marketing Expenses	(312,958)	(188,540)	66%
EBITDA	408,570	203,980	100%
<i>EBITDA margin</i>	21%	18%	3pp
Administrative Depreciation	(40,995)	(23,495)	74%
Operating Profit	367,576	180,485	104%
Less:			
Finance Cost & Interests	(64,444)	(61,593)	5%
Interest on Land Purchase Liabilities	(16,815)	(26,801)	(37%)
Provisions	(3,396)	-	NA
Add:			
Interest Income - Amortization of Discount on Notes Receivables	3,824	4,280	(11%)
Gain on Investment in Fair Value through Profit or Loss	5,245	2,333	125%
Interest Income on Held to Maturity Investments	9,651	9,435	2%
Net Profit Before Income Tax & Minority Interest	301,641	108,139	179%
Income Tax Expense	(84,160)	(23,422)	259%
Deferred Tax	(181)	(122)	48%
Net Profit After Tax	217,299	84,595	157%
Non-Controlling Interest	(12,670)	(3,332)	280%
Net Profit After Tax & Minority Interest	204,630	81,263	152%
<i>Net Profit After Tax & Minority Interest margin</i>	10%	7%	3pp

2- The Company's consolidated financial statements for the period ended March 31, 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	March 31, 2021	December 31, 2020
Long-Term Assets		
Investments in Associates	159,747	150,482
Investment Property	385,591	386,524
Notes Receivable - Long Term	16,670,028	15,338,184
Projects Under Construction	276,413	297,328
Advance Payments for Investments Acquisitions	313,390	313,390
Fixed Assets (Net)	2,745,067	2,762,305
Deferred Tax Asset	2,081	3,049
Employee Stock Ownership Plan	62,790	53,040
Other Long - Term Assets	1,463	1,505
Total Long - Term Assets	20,616,571	19,305,809
Current Assets		
Works in Process	8,445,924	7,287,943
Held to Maturity Investments	1,473,815	1,369,132
Cash	1,200,113	1,579,250
Notes Receivable - Short Term	4,686,469	5,025,563
Investments at Fair Value	217,534	215,713
Accounts Receivable	1,559,470	1,480,151
Suppliers - Advance Payments	602,347	514,994
Debtors & Other Debit Balances	995,453	1,084,173
Due from Related Parties	444,856	440,619
Total Current Assets	19,625,981	18,997,540
Total Assets	40,242,552	38,303,345
Current Liabilities		
Banks - Credit Balances	83,630	90,967
Banks - Overdraft	1,084,681	1,034,506
Advances from Customers	15,890,005	15,629,029
Completion of Infrastructure Liabilities	58,063	58,063
Provisions	181,209	176,792
Current Portion of Land Purchase Liabilities	241,943	134,159
Notes Payable - Short Term	959,326	1,030,233
Current Portion of Term Loans	1,430,419	183,435
Suppliers & Contractors	1,126,325	834,287
Income Tax Payable	120,712	37,270
Creditors & Other Credit Balances	885,994	784,589
Due to Joint Arrangements Partners	1,351,777	1,179,376
Due to Related Parties	2,535	2,535
Total Current Liabilities	23,416,623	21,175,241
Working Capital	(3,790,641)	(2,177,704)
Total Investment	16,825,930	17,128,105
<i>Financed as Follows:</i>		
Shareholders' Equity		
Issued and Paid-In Capital	6,235,199	6,235,199
Legal Reserve	808,745	779,730
Special Reserve	176,513	176,513
Treasury Shares	(116,830)	(46,990)
ESOP Re-measurement Reserve	(15,210)	(24,960)
Retained Earnings	1,497,565	1,036,333
Net Profit for the Period	204,630	717,768
Equity Attributable to Equity Holders of Parent Co.	8,790,613	8,873,593
Non-Controlling Interest	637,156	583,302
Total Shareholders' Equity	9,427,770	9,456,895
Long Term Liabilities		
Land Purchase Liabilities	845,618	90,488
Notes Payable - Long Term	2,115,759	2,151,086
Other Long-Term Liabilities - Residents' Association	3,107,420	2,935,783
Loans	1,329,363	2,493,851
Total Long-Term Liabilities	7,398,160	7,671,209
Total Equity & Long-Term Liabilities	16,825,930	17,128,105

Cash Flow Statement

(Egyptian Accounting Standards)

EGP Thousand	March 31, 2021	March 31, 2020
Net Profit for the Period (Before Income Tax & Non-Controlling Interest)	301,641	108,139
Interest on Land Purchase Liabilities	16,815	26,801
Administrative Depreciation	46,126	28,733
Provision Formed	3,396	-
Finance Costs & Interest	64,444	61,593
Share of Profit/Loss of Associates	1,102	7,307
Gain (loss) on Disposal of Fixed Assets	(10,576)	(25)
Interest Income - Amortization of Discount on Notes Receivables	(3,824)	(4,280)
Gains on Investments in Fair Value through Profit or Loss	(5,245)	(2,333)
Gains and losses on Held to Maturity Investments	(9,651)	(9,435)
Operating Profit Before Changes in Working Capital Items	404,228	216,499
Cash flow from Operating Activities		
Change in Work in Process	(292,825)	127,055
Change in Notes Receivables	(988,925)	(335,256)
Change in Investments in Fair Value through Profit or Loss	(1,822)	16,803
Change in Held to Maturity Investments	(104,683)	(111,540)
Change in Accounts Receivable	(79,320)	(95,516)
Change in Suppliers - Advance Payments	(87,353)	5,122
Change in Debtors & Other Debit Balances	88,721	(92,934)
Change in Due from Related Parties	(4,236)	(9,384)
Change in Advances from Customers	260,976	408,693
Provisions	1,021	(538)
change in Notes Payables	(123,049)	(593,416)
Change in Suppliers & Contractors	292,038	189,119
Income Tax Paid	(718)	(9,922)
Change in Creditors and Other Credit Balances	101,406	64,011
Change in Other Long Term - Residents' Association	171,636	119,156
Change in Guaranteed Payments - Joint Arrangements	172,401	(83,027)
Change in Completion of Infrastructure	-	(37,021)
Net Cash (Used In) Operating Activities	(190,504)	(222,099)
Cash Flows from Investing Activities		
Payments for Purchase of Fixed Assets	(30,239)	(16,293)
Proceeds from Sale of Fixed Assets	10,618	163
Payments for Associates Investment	(10,368)	(9,133)
Payments for Projects Under Construction	20,915	(9,135)
Payments Advance for Investments	-	(547)
Receipts from Other Assets	42	-
Proceeds from Investments in Fair Value through Profit or Loss	5,245	2,333
Proceeds from Held to Maturity Investments	9,651	9,435
Cash Flows from Financing Activities	5,864	(23,177)
Cash Flows from Financing Activities		
Credit Balance	(7,337)	(22,835)
Banks - Overdraft	50,174	10,880
Treasury Shares	(69,840)	(46,990)
Adjustments to Retained Earnings	(227,520)	(208,930)
Minority Interests	41,185	(8,794)
Deferred Tax	787	-
Proceeds from Loans	219,638	411,548
Repayment of Loans	(137,141)	(324,611)
Finance Costs & Interests	(64,444)	(61,592)
Net Cash Provided by Financing Activities	(194,497)	(251,324)
Net Cash Flow during the Period	(379,137)	(496,599)
Cash & Cash Equivalents at Beginning of the Period	1,579,250	1,375,178
Cash & Cash Equivalents as at March 31, 2021	1,200,113	878,578

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 on both West Cairo and East Cairo and Alexandria, as well as secondary homes in the North Coast (Mediterranean Sea) and Ain Sokhna (Red Sea).

As at end of 1Q2021, PHD delivered 11,670 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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