



PALM HILLS
DEVELOPMENTS

القاهرة في 16 نوفمبر 2020

الأستاذة / هبة الله الصيرفي
مساعد رئيس البورصة المصرية
والمشرف على قطاع الإفصاح
البورصة المصرية

تحية طيبة وبعد،،،

مرفق طيه التقارير والمستندات التالية:

- القوائم المالية المجمعة والمستقلة عن الفترة المالية المنتهية في 30 سبتمبر 2020.
- صورة من محضر اجتماع مجلس الإدارة المنعقد بتاريخ 15 نوفمبر (الغير موثق).
- صورة من محضر اجتماع لجنة المراجعة الداخلية بتاريخ 15 نوفمبر 2020.
- تقرير نتائج الأعمال عن الفترة المنتهية في 30 سبتمبر 2020.

وتفضلوا بقبول فائق الاحترام،،،

ممدوح عبد الوهاب
نائب الرئيس التنفيذي
قطاع علاقات المستثمرين والاستثمار



PHD achieve New Sales of EGP2.9 billion in 3Q2020, a growth of 42% YoY, on track to meet the full year target of EGP12 billion. Net Debt decreased to EGP1.4 billion. Net Profit for the quarter grew 156% YoY reaching EGP238 million, complemented by positive Cash Flows from Operations of EGP1.1 billion

Cairo/London (November 16, 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 September 30, 2020.

Key Highlights

- New Sales marked EGP2.9 billion in 3Q2020, a growth of 42% YoY. Growth in sales during the quarter was supported by recovery in home buying transactions following the easing of restrictions and precautionary measures previously imposed in relation to COVID-19, complemented by demand for Ready to Move products, secondary homes on the Mediterranean and Red Sea during the summer season, and an uptake in commercial sales mainly in West Cairo.
- In 9M2020, New Sales (Residential and Commercial) stood at EGP7.3 billion, translating into 1,040 units sold, a growth of 21% YoY, should we remove Palm Hills Alexandria's Expression of Interest ("EOIs") of EGP2.1 billion from the comparative figure. In October 2020, the Company booked EGP1.9 billion in New Sales, on track to achieve the full year target of EGP12 billion.
- Commercial New Sales amounted to EGP946 million during 9M2020, a remarkable growth of 106% YoY mostly generated from the sale of office space in Golf Central for EGP516 million, accompanied by EGP122 million in Lake yard, Westlane Boulevard by EGP110 million and The Lane by EGP100 million. In 3Q2020, Commercial New Sales recorded EGP457 million, a growth of 57% YoY.
- Revenue reached EGP3.5 billion during 9M2020, almost buoyant YoY. While Revenue for 3Q2020 grew 39% YoY to EGP1.5 billion, compared with EGP1.1 billion during the same period last year. The growth in Revenue was largely driven by higher contribution from Ready to Move products that were sold and recognized during the period.
- Gross Profit amounted to EGP1.3 billion in 9M2020, a gross margin of 37%, compared to 40% during the comparative period. Gross Profit for the quarter reached EGP570 million, a growth of 30% YoY. Gross margin was slightly diluted due to the handover of lower margin units that were sold during previous years. EBITDA stood at EGP718 million in 9M2020, a margin of 20%. EBITDA for the quarter almost doubled, reaching EGP342 million, as a result from Revenue growth. Net Profit after Tax and Minority Interest amounted to EGP515 million in 9M2020, a Net Profit margin of 14%. While Net Profit for the quarter recorded EGP238 million, a growth of 156% YoY.
- The Company spent EGP984 million on construction activities during 9M2020. In Badya, the development of 145 units' concrete skeleton was completed alongside blockworks of 112 units. In Palm Hills New Cairo ("PHNC"), the Company will release 277 units for clients' delivery before year end. While the remaining units of PHNC's phase 1 will be handed over during 2021. In the Crown, PHD will release 63 units within livable zones during 4Q2020. The Company completed all works in Palm Hills Katameya 2 extension.
- Regarding handovers, the Company delivered 502 residential and commercial units during 9M2020 mainly in the following projects: Capital Gardens, Woodville, Golf Extension, Hacienda Bay, Golf Views, Palm Parks and Palm Valley. PHD handed over 184 units during 3Q2020. The Company had an additional 572 units released from construction during 2020, yet remains ahead of delivery schedule in almost all projects.
- By end of 9M2020, PHD had Ready to Move inventory worth c. EGP3.2 billion (267 units) across several projects in West Cairo, East Cairo and North Coast. The Ready to Move products are currently in high demand and will help solidify the Company's financial position further during the coming quarters.

Yasseen Mansour, Chairman & Group CEO Comments:

I am pleased to share with you our operational and financial results for the period ended September 30, 2020, where our performance witnessed remarkable improvements compared to previous quarters of 2020, despite the current challenging environment.

We had a robust summer season in terms of demand for secondary homes on the Mediterranean and Red Sea, given ongoing limitations on international travel and concerns surrounding COVID-19, complemented by the growing demand for Ready to Move products. We closed 3Q2020 with EGP2.9 billion in New Sales, a growth of 42% YoY.

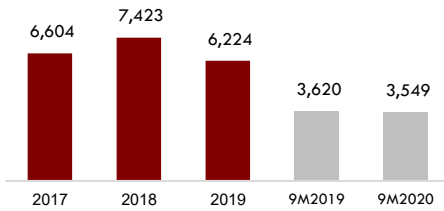
During 9M2020, we sold 1,040 units for EGP7.3 billion, which represents a growth of 21% YoY, should we remove Palm Hills Alexandria's EOLs of EGP2.1 billion from 9M2019 New Sales. In October 2020, we sold units worth EGP1.9 billion and saw strong uptake during the recent Cityscape exhibition, bringing us much closer to our EGP12 billion target for the full year. We delivered 502 units during 9M2020, and we continue to outperform our handover schedule on almost all projects on contractual delivery dates.

As we promised the market, we continue to work on reducing our Net Debt, which reached EGP1.4 billion in 9M2020, a decrease of EGP0.7 billion from 1Q2020. We hope to close the year with a Net Debt of less than c. EGP1 billion. We are still on track to conclude a securitization transaction for a gross portfolio of c. EGP1.5 billion prior to year-end, to further strengthen our Balance Sheet. Our Receivables stood at EGP21.3 billion, covering Net Debt 15 times in 9M2020.

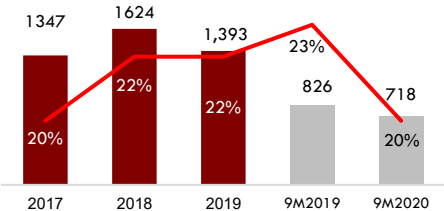
We achieved positive Cash Flows from Operations of EGP1.1 billion in 9M2020, compared to EGP574 million during the same period last year. We expect to close the year with positive Cash Flows from Operations of c. EGP1.5 billion.

Recently, we were awarded a prime commercial land plot spreading 172,448 sqm (c.41 feddan) in West Cairo through a tender with the Egyptian government. Said plot will give us a sound commercial space to act as a catalyst for recurring income in West Cairo, similar to the 420,000 sqm (100 feddan) of Palm Hills New Cairo in the East. The new plot is strategically located in the heart of the iconic Palm Hills October adjacent to Bamboo project and will be positioned as the new downtown of Palm Hills October.

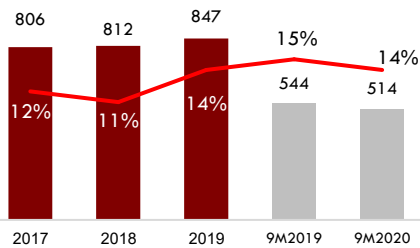
Revenue (2017-9M2020, EGP Million)



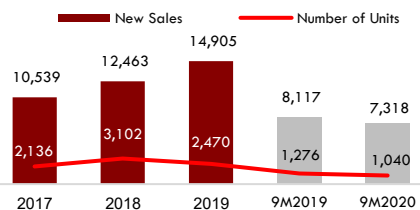
EBITDA & EBITDA Margin (2017-9M2020, EGP Million)



Net Profit after Tax & Minority Interest (2017-9M2020, EGP Million)



New Sales, All Regions¹ (2017-9M2020, EGP Million)



Financial Review

EGP Million	3Q2020	3Q2019	Change	9M2020	9M2019	Change
Revenue	1,541	1,105	39%	3,549	3,620	(2%)
Gross Profit	570	437	30%	1,320	1,445	(9%)
Gross Profit margin	37%	40%	(3pp)	37%	40%	(3pp)
EBITDA	341	177	93%	718	826	(13%)
EBITDA margin	22%	16%	6pp	20%	23%	(3pp)
Net Profit before Tax & Minority Interest	237	118	101%	564	656	(14%)
Net Profit after Tax & Minority Interest	238	93	156%	515	544	(5%)
Net Profit margin	15%	8%	7pp	14%	15%	(1pp)

In 9M2020, Revenue reached EGP3.5 billion, almost buoyant with the same period last year. Revenue for 3Q2020 grew 39% YoY to EGP1.5 billion, compared to EGP1.1 billion in 3Q2019. The growth in Revenue was largely driven by higher contribution from Ready to Move products that were sold and recognized during 3Q2020.

Gross Profit amounted to EGP1.3 billion in 9M2020, a gross margin of 37%, compared to 40% in 9M2019. Gross Profit for the quarter reached EGP570 million, a growth of 30% YoY. The handover of some low margin units in 9M2020 contributed to the YoY dilution in Gross Profit margin.

EBITDA stood at EGP718 million in 9M2020, a margin of 20%. EBITDA for the quarter almost doubled, reaching EGP342 million. Net Profit after Tax and Minority Interest amounted to EGP515 million in 9M2020, a Net Profit margin of 14%. While Net Profit for the quarter recorded EGP238 million, a growth of 156% YoY.

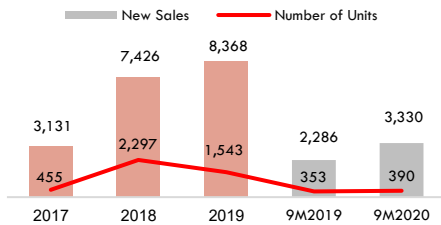
Net Debt decreased to EGP1.4 billion by end of 9M2020, a drop of EGP0.7 billion from 1Q2020, in line with the Company's strategy to optimize and reduce leverage. Receivables amounted to EGP21.3 billion, covering Net Debt 15 times. Net Debt/EBITDA stood at 1.1 times by end of 9M2020.

Operational Review

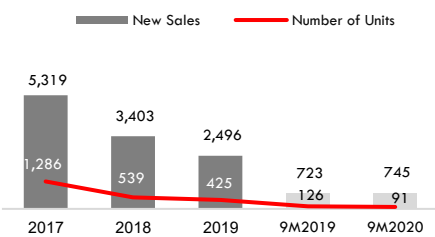
New Sales (Residential and Commercial) recorded EGP7.3 billion in 9M2020, translating into, a decrease of 10% YoY, given the comparison with a high base for 9M2019, which had a strong uptake in Palm Hills Alexandria. Should we exclude the Palm Hills Alexandria Expression of Interest, New Sales would have shown a growth of 21% YoY in 9M2020.

New Sales recorded EGP2.9 billion in 3Q2020, a growth of 42% YoY and 10% QoQ. Growth in sales during the quarter was supported by the recovery in home buying transactions following the easing of restrictions and precautionary measures previously imposed in relation to COVID-19, complemented by strong demand for primary homes, secondary homes on the Mediterranean and Red Sea during summer season, and an uptake in commercial sales.

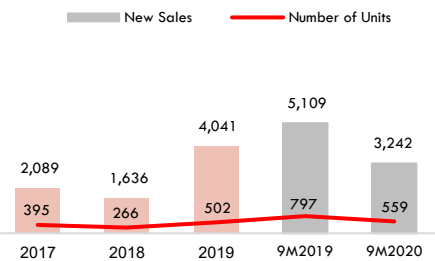
New Sales, West Cairo¹ (2017-9M2020, EGP Million)



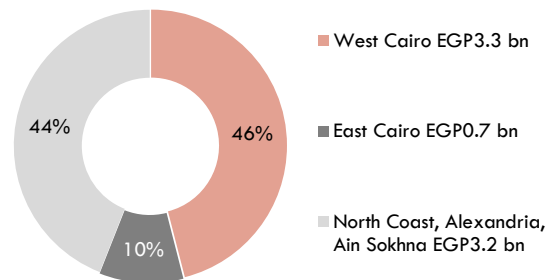
New Sales, East Cairo¹ (2017-9M2020, EGP Million)



New Sales, North Coast, Alexandria, Ain Sokhna¹ (2017-9M2020, EGP Million)



On the Commercial front, the segment's New Sales amounted to EGP946 million during 9M2020, a growth of 106% YoY mostly driven by the sale of office space in Golf Central for EGP516 million, accompanied by EGP122 million in Lake yard, West Lane Boulevard by EGP110 million and The Lane by EGP100 million. The following chart shows percentage contribution of each operating region to New Sales during 9M2020:



In West Cairo, New Sales amounted to EGP3.3 billion, a growth of 46% YoY, of which residential stood at EGP2.5 billion and the remaining balance from commercial sales. The largest contributors to residential sales were Golf Extension, The Crown, and Woodville mostly on the ready to move products. During 3Q2020, the Company launched Westlane Boulevard, Palm Park's commercial strip, which recorded New Sales of EGP110 million.

In East Cairo, New Sales stood at EGP0.7 billion in 9M2020, a modest growth of 3.1% YoY.

While in the North Coast, Alexandria and Ain Sokhna, New Sales reached EGP3.2 billion in 9M2020, supported by the strong demand for our flagship Hacienda brand in North Coast, which aggregately contributed EGP1.6 billion to the region's sales followed by Palm Hills Alexandria and Palm Hills Sokhna (Laguna Bay).

The Company delivered 502 residential and commercial units during 9M2020 mainly in the following projects: Capital Gardens, Woodville, Golf Extension, Hacienda Bay, Golf Views, Palm Parks and Palm Valley. PHD handed over 184 units during 3Q2020. The Company had an additional 572 units released from construction during 2020. Yet, it remains ahead of delivery schedule in almost all projects.

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

Consolidated Income Statement ² (Egyptian Accounting Standards)

In EGP 000's	3Q2020	3Q2019	%	9M2020	9M2019	%
Revenue	1,541,004	1,104,945	39%	3,549,216	3,620,020	(2%)
Cost of Revenue	(971,448)	(667,609)	46%	(2,229,080)	(2,175,103)	2%
Gross Profit	569,556	437,336	30%	1,320,136	1,444,917	(9%)
<i>Gross Profit margin</i>	37%	40%	(3pp)	37%	40%	(3pp)
General Administrative, Selling and Marketing Expenses	(228,013)	(260,646)	(13%)	(601,739)	(618,452)	(3%)
EBITDA	341,543	176,690	93%	718,397	826,465	(13%)
<i>EBITDA margin</i>	22%	16%	6pp	20%	23%	(3pp)
Administrative Depreciation	(22,880)	(20,678)	11%	(70,031)	(62,204)	13%
Operating Profit	318,663	156,012	104%	648,366	764,261	(15%)
Less:						
Finance Cost & Interests	(71,385)	(23,192)	208%	(176,271)	(127,874)	38%
Securitization of Notes Receivables	-	3,014	NA	-	(41,001)	NA
Interest on Land Purchase Liabilities	(29,438)	(53,838)	(45%)	44,507	(154,418)	(129%)
Provisions	-	(214)	NA	-	67,749	NA
Add:						
Interest Income - Amortization of Discount on Notes Receivables	4,280	22,359	(81%)	12,840	67,076	(81%)
Gain on Investment in Fair Value through profit or loss	1,747	2,861	(39%)	5,906	8,293	(29%)
Interest Income on Held to Maturity Investments	12,884	11,122	16%	29,104	72,030	(60%)
Net Profit Before Income Tax & Minority Interest	236,751	118,123	100%	564,453	656,116	(14%)
Income Tax Expense	17,811	6,686	166%	(27,658)	(60,553)	(54%)
Deferred Tax	50	274	(82%)	240	544	(56%)
Net Profit After Tax	254,512	124,535	104%	536,555	595,019	(10%)
Non-Controlling Interest	(16,550)	(31,703)	(48%)	(22,009)	(50,707)	(57%)
Net Profit After Tax & Minority Interest	237,962	92,832	156%	514,546	544,312	(5%)
<i>Net Profit After Tax & Minority Interest margin</i>	15%	8%	7pp	14%	15%	(1pp)

2- The Company's consolidated financial statements for the period ended September 30, 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	September 30, 2020	December 31, 2019
Long-Term Assets		
Investments in Associates	149,790	143,370
Investment Property	387,257	393,483
Notes Receivable - Long Term	14,763,524	15,318,677
Projects Under Construction	1,651,902	1,739,437
Advance Payments for Investments Acquisitions	287,908	194,907
Fixed Assets (net)	1,414,843	1,353,869
Deferred Tax Asset	3,310	3,549
Employee Stock Ownership Plan	55,380	68,172
Other Long - Term Assets	2,937	1,391
Total Long - Term Assets	18,716,854	19,216,854
Current Assets		
Works in Process	7,506,550	8,115,250
Held to Maturity Investments	1,307,717	924,376
Cash	1,596,398	1,375,178
Notes Receivable - Short Term	5,239,309	4,691,813
Investments at Fair Value	70,711	87,513
Accounts Receivable	1,336,184	1,272,279
Suppliers - Advance Payments	488,230	451,528
Debtors & Other Debit Balances	913,313	917,361
Due from Related Parties	425,009	418,965
Total Current Assets	18,883,423	18,254,266
Total Assets	37,600,277	37,471,118
Current Liabilities		
Banks - Credit Balances	21,735	87,238
Banks - Overdraft	1,051,408	963,312
Advances from Customers	14,496,309	14,212,609
Completion of Infrastructure Liabilities	58,062	95,083
Provisions	182,535	180,718
Current Portion of Land Purchase Liabilities	173,423	235,683
Notes Payable - Short Term	1,180,996	1,750,902
Current Portion of Term Loans	228,788	295,133
Suppliers & Contractors	847,596	762,160
Income Tax Payable	32,237	97,622
Creditors & Other Credit Balances	833,788	630,784
Due to Joint Arrangements Partners	1,590,591	1,081,182
Due to related Parties	6,639	6,639
Total Current Liabilities	20,704,109	20,399,065
Working Capital	(1,820,687)	(2,144,802)
Total Investment	16,896,168	17,072,053
<i>Financed as Follows:</i>		
Shareholders' Equity		
Issued and Paid-In Capital	6,235,199	6,235,199
Legal Reserve	779,730	738,358
Special Reserve	176,513	176,513
Treasury Shares	(46,990)	-
ESOP Re-measurement Reserve	(22,620)	(9,828)
Retained Earnings	1,100,683	995,811
Net Profit for the period	514,546	846,785
Equity Attributable to Equity Holders of Parent Co.	8,737,062	8,982,838
Non-Controlling Interest	567,957	554,742
Total Shareholders' Equity	9,305,019	9,537,581
Long Term Liabilities		
Land Purchase Liabilities	96,647	150,258
Notes Payable - Long Term	1,736,380	1,438,142
Other Long-Term Liabilities - Residents' Association	2,706,412	2,372,856
Loans	3,051,708	2,801,073
Due to Joint Arrangements Partners	-	772,143
Total Long-Term Liabilities	7,591,148	7,534,472
Total Equity & Long-Term Liabilities	16,896,167	17,072,053

Cash Flow Statement (Egyptian Accounting Standards)

EGP Thousand	September 30, 2020	September 30, 2019
Net Profit for the Period (Before Income Tax & Non-Controlling Interest)	564,453	656,116
Interest on Land Purchase Liabilities	83,041	154,418
Administrative Depreciation	76,019	76,869
Provision Formed	-	2,391
Finance Costs & Interest	176,271	127,874
Interest on Discounted Receivables	-	41,001
Share of Profit/Loss of Associates	5,579	(8,767)
Gain (loss) on Disposal of Fixed Assets	(64)	(725)
Interest Income - Amortization of Discount on Notes Receivables	(12,841)	(67,076)
Gains on Investments in Fair Value through Profit or Loss	(5,906)	(8,293)
Provisions no Longer Required	-	(70,139)
Gains and losses on Held to Maturity Investments	(29,104)	(72,030)
Interest Rebate from Land Purchase Liabilities	(127,548)	-
Operating Profit Before Changes in Working Capital Items	729,901	831,637
Cash flow from Operating Activities		
Change in Work in Process	508,058	(754,364)
Change in Notes Receivables	20,497	795,630
Change in Investments in Fair Value through Profit or Loss	16,802	642,836
Change in Held to Maturity Investments	(383,340)	(11,082)
Change in Accounts Receivable	(63,904)	(139,345)
Change in Suppliers - Advance Payments	(36,702)	(17,954)
Change in Debtors & Other Debit Balances	4,049	(373,011)
Change in Due from Related Parties	(6,043)	(50,179)
Change in Advances from Customers	283,699	312,039
Provisions	1,817	(939)
Change in Due to Related Parties	-	31,960
change in Notes Payables	(227,161)	(462,947)
Change in Suppliers & Contractors	85,435	92,699
Income Tax Paid	(93,043)	(253,309)
Change in Creditors and Other Credit Balances	203,004	(43,756)
Change in Other Long Term - Residents' Association	333,556	398,415
Change in Guaranteed Payments - Joint Arrangements	(262,734)	(424,808)
Change in Completion of Infrastructure	(37,021)	-
Net Cash (Used In) Operating Activities	1,076,869	573,533
Cash Flows from Investing Activities		
Payments for Purchase of Fixed Assets	(35,994)	(26,110)
Proceeds from Sale of Fixed Assets	228	889
Payments for Associates Investment	(93,001)	-
Payments to Sisters Companies	(12,000)	(50,000)
Payments for Projects Under Construction	(21,751)	(5,141)
Payments Advance for Investments	(881)	(20,174)
Other Payments	(1,547)	-
Proceeds from Investments in Fair Value through Profit or Loss	5,906	8,293
Proceeds from Held to Maturity Investments	29,104	72,030
Cash Flows from Investing Activities	(129,936)	(20,213)
Cash Flows from Financing Activities		
Credit Balance	(65,503)	68,321
Banks - Overdraft	88,096	154,313
Treasury Shares	(46,990)	-
Adjustments to Retained Earnings	(700,541)	(260,872)
Minority Interests	(8,794)	(9,789)
Securitization of Notes Receivables	-	(41,001)
Deferred Tax	-	3
Proceeds from Loans	702,142	78,979
Repayment of Loans	(517,851)	(676,428)
Finance Costs & Interests	(176,271)	(127,874)
Net Cash Provided by Financing Activities	(725,712)	(814,348)
Net Cash Flow During the Period	221,221	(261,028)
Cash & Cash Equivalents at Beginning of the Period	1,375,178	955,738
Cash & Cash Equivalents as at September 30, 2020	1,596,399	694,709

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 9M2020, PHD delivered 11,090 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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Disclaimer

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