

ESPACES
SAADA

LE DROIT AU LOGEMENT DE QUALITÉ



فضاءات
السعادة
الحق في جودة السكن

FULL YEAR FINANCIAL COMMUNICATION
2019 SOCIAL AND CONSOLIDATED ACCOUNTS



The Board of Directors met on March 30th, 2020, under the chairmanship of Mr. Hicham BERRADA SOUNNI to review the activity and approve the Consolidated and social financial statements on December 31st, 2019.

Persistent and steady activity despite difficult economic and sector conditions

Once again, Résidences Dar Saada proves resilience towards a difficult real estate context.

During 2019, the activity of the group was characterized by a 7% increase in the presales level, a sustained turnover around MAD 1.38 billion, and a better control of overall debt.

CONSOLIDATED ACCOUNTS ON DECEMBER 31ST, 2019



TURNOVER PRESERVED AT MAD 1.38 BILLION;

GEARING MAINTAINED AT AN OPTIMAL LEVEL OF 40.5%;

RECEIVABLES OF 6.5 MONTHS OF TURNOVER;

A 33% DECREASE IN FINISHED GOODS INVENTORY.

Sales performance driven by innovation and a Marketing policy geared towards finished goods.

Résidences Dar Saada continues to perform, and improves its presales level by 7% compared to 2018, following the presale of 4,344 units. The performance is particularly due to the innovative concept of "social duplex", representing 25% of the presales level for the period, and to sales orientation towards finished goods inventory as a result of an effective sales force management.

Sales performance shows the Group's resilience and its agility in dealing with such difficult economic context, and proves the deep trust in our products. Thus, the secured turnover at the end of 2019, corresponding to the stock value of presold units, not yet delivered, reached MAD 1.3 billion.

Persistent and regular activity despite difficult economic conditions

• Sustained business performance despite real estate constraints

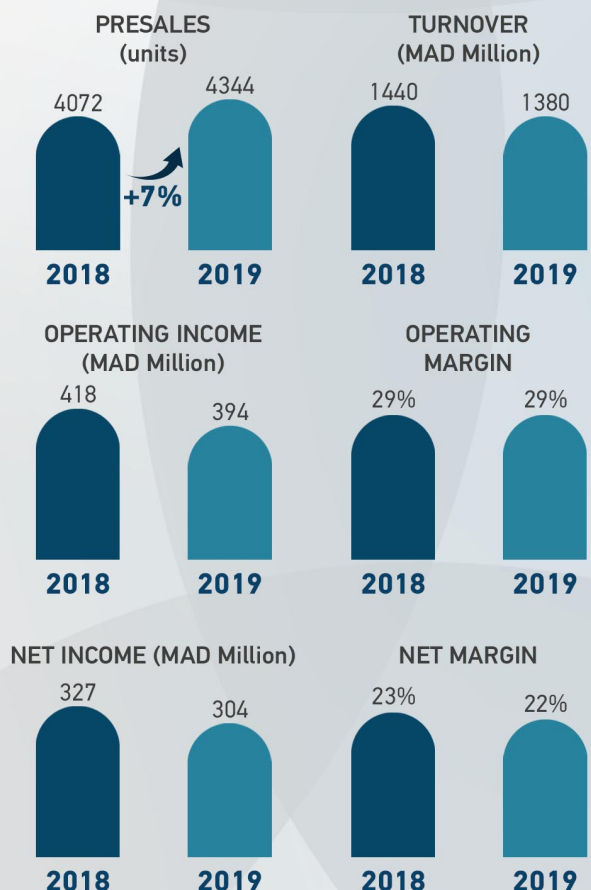
Résidences Dar Saada maintained practically the same activity level achieved in 2018, despite a declining demand context. The turnover reached MAD 1.38 billion, against MAD 1.44 billion in 2018, following the delivery of 4,096 units against 4,179 units in 2018. The product mix improved by the medium standing and land plots segments, which contributed to around 40% of turnover in 2019.

• Resilience of profitability indicators

In 2019, the current operating income reached MAD 309 million, generating an operating margin of 22% compared to 27% in 2018. This is explained by the clearance sales strategy of the finished goods.

The operating income settles around MAD 394 million, representing a steady operating margin of 29%, which is equivalent to that of 2018. By the end of this period, the group sold one of its subsidiaries, Al Borj Al Ali, developing a project located in northern Morocco.

The Group preserves its beneficiary capacity by achieving a consolidated net income of MAD 304 million, which represents a 22% net margin compared to 23% on the previous year.





Continued development of the medium standing segment and projects in Africa

• Medium standing segment

Résidences Dar Saada continues to develop the medium-standing segment, of which the first deliveries date back to the end of 2018. The year 2019 was marked by the achievement of three additional tranches of one of the projects. In the meantime, construction work on the other projects continues as planned.

• Sub-Saharan Africa

As a reminder, Saada Côte d'Ivoire subsidiary manages a real estate project containing 2,200 units on a 41ha property base in Ivory Coast. The first tranche of the project was marketed in 2019, whereas the first deliveries are scheduled for 2020.

New projects are under study for the acquisition of land plots in Rwanda, Djibouti and Ghana.

Saada Gabon subsidiary was dissolved during 2019. The exit of the subsidiary from the scope of consolidation has no significant impact on the group, since Saada Gabon had no project to develop.

The group still shows a sound financial basis through an effective management of the balance sheet and a good control of working capital and debt.

Résidences Dar Saada ensures a better management of the balance sheet by controlling debt, stabilization of investment and implementing a policy of fast recovery of receivables.

Land: The company has a high quality land reserve of approximately 1,114 ha, 43% of it is located on the Casa-Rabat region. During 2019, the company did not acquire any land. However, land acquisitions are ongoing to be finalized.

Gearing: In 2019, the company repaid MAD 531 million including bank debts and the bond issue. The gearing remains under control at around 40.5%, against 39% in 2018, taking into account the net cash, securitization transactions, bond issue, leasing contracts and the application of IFRS 16 on operating leases.

Receivables: Always under control, trade receivables reached MAD 895 million at the end of 2019, which represent 6.5 months of annual turnover, thus translating a policy of fast recovery of receivables for better cash generation.

Finished products: Thanks to our clearance sales policy, our finished product inventory decreased by 33%, moving from 6,932 units to 4,626 units at the end of 2019. Two-thirds of this stock have an average age less than 14 months.

Future prospects

Since the start of the global health crisis linked to coronavirus pandemic, we have observed a significant drop in sales and an important decline in production on our sites. This is mainly due to the sanitary lockdown, and the measures practiced by our partners to decrease the number of employees on-site.

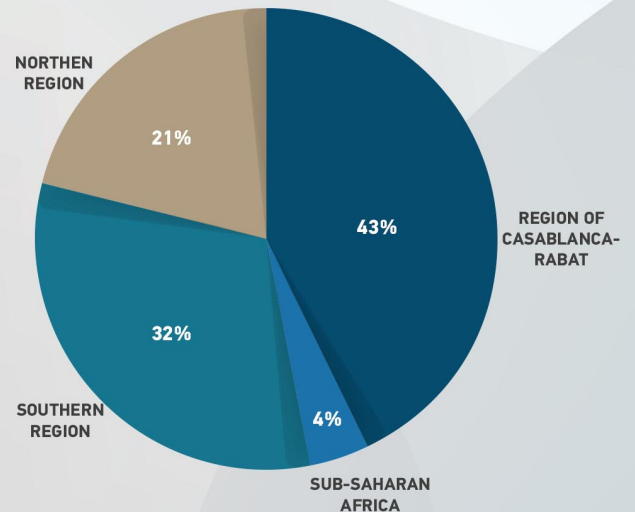
While prioritizing and committing to preserving the health and safety of its employees as well as that of all its stakeholders (customers, suppliers, administrations, etc.), Résidences Dar Saada Group has taken all the necessary measures to business continuity under the conditions of the current state of health emergency: teleworking, reducing the presence of employees ensuring permanence, compulsory wearing of protective tools for front office staff, disinfection of premises, etc.

By committing to the country's efforts to control the negative effects of the pandemic both at the health and socioeconomic levels, the group draws the market's attention to the fact that the current health situation will have a significant impact on the activity of the group and on the real estate industry in general.

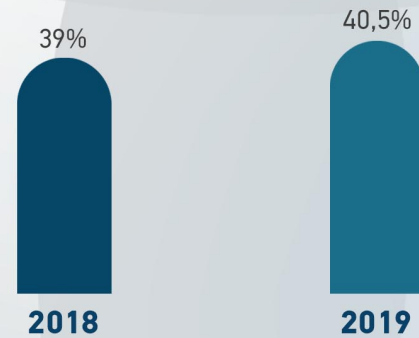
We are currently working closely with all stakeholders in the sector (Ministry of Housing, federations, CGEM, banks, etc.) to find solutions in order to limit the negative impacts of the crisis, particularly in terms of job preservation and sector recovery. Thus, a business plan will be communicated to the market as soon as we have more visibility regarding the prospects.

Due to the significant drop in the group's revenues, the board of directors suggested not to distribute dividends for the 2019 financial year.

LAND RESERVE DISTRIBUTION BY REGION



GEARING RATIO



FINISHED GOODS INVENTORY (units)

