

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

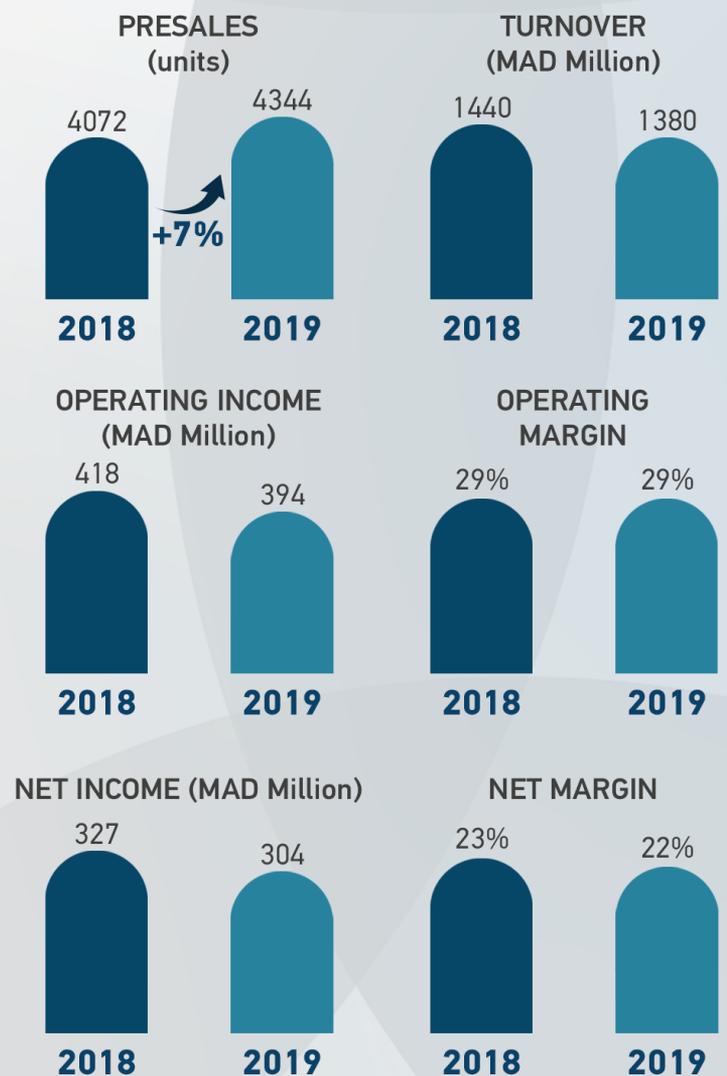
Résidences Dar Saada maintained practically the same activity level achieved in 2018, despite a declining demand context. The turnover reached MAD 1.38 billion, against MAD 1.44 billion in 2018, following the delivery of 4,096 units against 4,179 units in 2018. The product mix improved by the medium 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 1 077 ha, 45% 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.

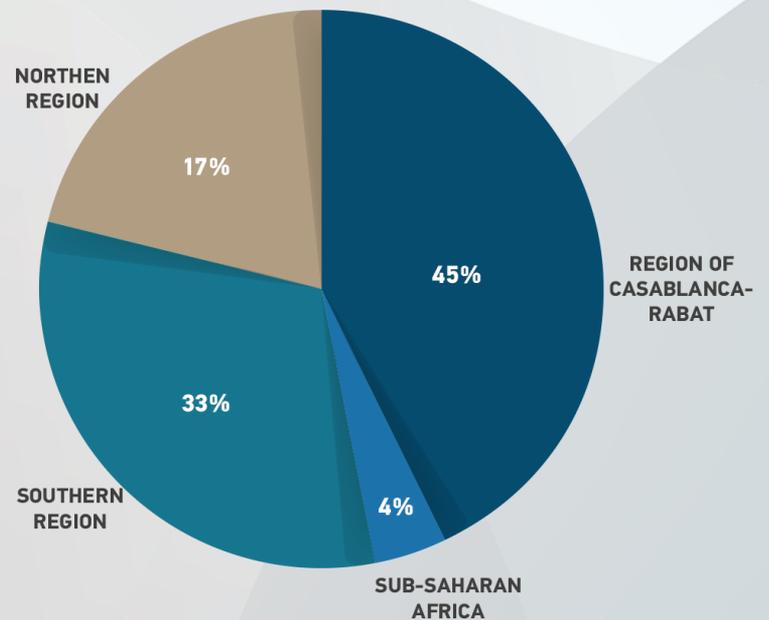
While prioritizing and committing to preserving the health and safety of its employees as well as that of all its stakeholders (customers, suppliers, administrations, etc.), Résidences Dar Saada Group has taken all the necessary measures to business continuity under the conditions of the current state 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 stakeholders' attention to the fact that the current health situation will have a significant impact on the activity of the group on 2020, but there are no uncertainties over the continuity of the company's operations. Simultaneously, The current situation has no impact on 2019 financial statements.

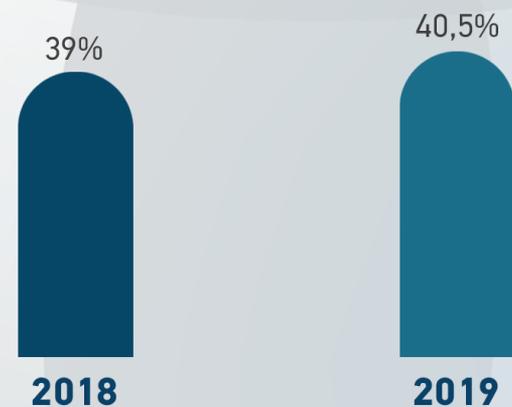
We are currently working closely with all stakeholders in the sector (Ministry of Housing, federations, CGEM, banks, etc.) to find solutions in order to limit the negative impacts of the crisis, particularly in terms of job preservation and sector recovery. Thus, a business plan will be communicated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

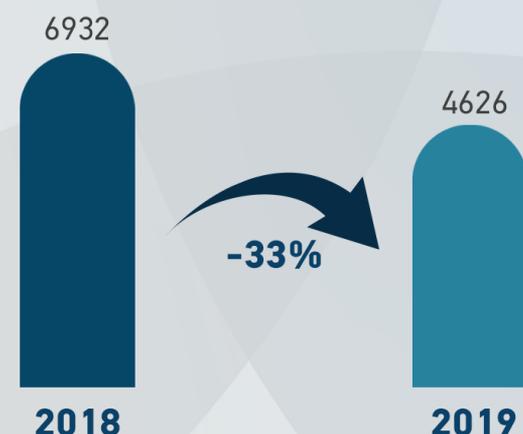
LAND RESERVE DISTRIBUTION BY REGION



GEARING RATIO



FINISHED GOODS INVENTORY (units)





IFRS CONSOLIDATED ACCOUNTS

ASSETS	31/12/2019	31/12/2018
In K MAD		
Goodwill	-	-
Intangible Assets	7.518	7.964
Tangible Assets	95.586	83.603
Investment Property	-	-
Long term loan	-	-
Shares in net assets of equity affiliates	-	-
Available-for-sale securities	50	50
Other financial assets	4.164	4.677
Total Financial Assets	4.214	4.727
Deferred tax assets	31.928	35.648
Total Non-Current Assets	139.246	131.942
Inventories and net outstanding	4.556.833	5.075.258
Net account receivables	895.447	825.381
Other third parties	2.926.620	2.067.269
Receivables on disposals of short-term assets	-	-
Short term debt	-	-
Cash and cash equivalents	421.082	579.801
Total Current Assets	8.799.983	8.547.709
Non current available-for-sale assets	-	-
Total Assets	8.939.229	8.679.651

EQUITY AND LIABILITIES	31/12/2019	31/12/2018
In K MAD		
Capital	1.310.443	1.310.443
Issue and merger premiums	1.107.212	1.107.212
Reserves	1.666.941	1.412.691
Reserves related to the change in fair value of financial instruments	-	-
Reserves related to employee benefits	-	-
Net Income of the year	304.208	327.441
Currency translation	-	-
EQUITY GROUP SHARE	4.388.803	4.157.786
Minority reserves	132	149
Minority income	(13)	(17)
MINORITY SHAREHOLDERS' EQUITY	118	132
EQUITY	4.388.921	4.157.918
Long term perpetual subordinated notes	-	-
Convertible bonds	-	-
Other long-term debt	2.033.148	2.019.632
Indebtedness linked to long-term financing leases	63.477	57.965
Deferred tax liabilities	8.729	9.515
Provisions for non-current liabilities and charges	8	-
TOTAL NON-CURRENT LIABILITIES	2.105.362	2.087.113
Suppliers	590.923	682.818
Third parties and corporate tax	536.692	613.177
Provisions for current liabilities and charges	440	190
Short-term financial debts (incl. finance lease)	678.435	889.660
Banks	638.455	248.775
TOTAL CURRENT LIABILITIES	2.444.945	2.434.620
Liabilities linked to non-current assets available for sale	-	-
TOTAL LIABILITIES	8.939.229	8.679.651

COMPREHENSIVE INCOME STATEMENT	31/12/2019	31/12/2018
In K MAD		
Turnover	1.380.741	1.439.980
Other income from operations	(499.858)	(185.770)
REVENUES FROM ORDINARY ACTIVITIES	880.882	1.254.210
Purchases used and external charges	(480.269)	(765.082)
Staff costs	(71.524)	(74.023)
Taxes and duties	(18.284)	(29.159)
Other operating income and expenses	9.418	8.121
Net depreciation, amortisation and provisions	(11.310)	(6.358)
EXPENSES FROM ORDINARY ACTIVITIES	(571.969)	(866.501)
CURRENT OPERATING INCOME	308.913	387.708
Disposals of assets	99.095	18.721
Restructuring costs	-	-
Disposals of subsidiaries and equity investments	-	-
Negative Goodwill	-	-
Other non-current operating income & expenses	(14.131)	11.439
OPERATING INCOME	393.876	417.869
Financial result	(48.230)	(37.442)
Share in net income of investments accounted for using the equity method	-	-
PRE-TAX INCOME FROM CONSOLIDATED COMPANIES	345.646	380.426
Corporate tax	(40.522)	(53.793)
Deferred tax	(930)	791
NET INCOME FROM CONSOLIDATED COMPANIES	304.194	327.424
Share in net income/loss of equity affiliates	-	-
NET INCOME FROM CONTINUED OPERATIONS	304.194	327.424
Net result from discontinued operations	-	-
THE CONSOLIDATED GROUP'S EARNINGS	304.194	327.424
Minority interests	(13)	(17)
NET INCOME GROUP SHARE	304.208	327.441
INCOME OF THE CONSOLIDATED GROUP	304.194	327.424
Other comprehensive income	-	-
Foreign Currency Translation	-	-
Reassessment of hedging derivatives	-	-
Available-for-sale financial assets' reassessment	-	-
Reassessment of fixed assets	-	-
Actuarial gap on defined benefit plans	-	-
After-Tax comprehensive income share of equity affiliates	-	-
Tax effect	-	-
Total other comprehensive income (after tax)	-	-
Net Income	304.194	327.424
attributable to the Group	304.208	327.441
attributable to minority interests	(13)	(17)

