



SODIC (“Sixth of October Development & Investment Company”) (EGX OCDI.CA) has released its consolidated operational and financial results for the year ended 31st of December 2022

SODIC gross contracted sales grow 87% YoY to reach a record EGP 21 billion driven by successful relaunch of New Zayed project and strong sales in East Cairo and the North Coast

Full Year 2022 Operational Highlights

- Gross contracted sales of EGP 21.29 billion, up 87% YoY;
- Cancellations of 6% of gross contracted sales;
- Cash collections reached EGP 7.0 billion;
- Timely delivery of 1,279 units across SODIC’s projects;

Full Year 2022 Financial Highlights

- Revenues amounted to EGP 7.81 billion, up 13% YoY;
- Gross profit reached EGP 2.19 billion, down 6% YoY, and reflecting a gross profit margin of 28%;
- Operating profit amounted to EGP 650 million, down 44% YoY, and implying an operating profit margin of 8%;
- Net profit after tax and non-controlling interests recorded EGP 520 million, down 60%YoY, and delivering a net profit margin of 7%.
- Normalized net profit after tax and non-controlling interests amounted to EGP 941 million, a YoY growth of 9%, reflecting a net profit margin of 12%

Commenting on the results, Magued Sherif SODIC’s Managing Director said, “We are proud to deliver an excellent set of results for the year 2022, having almost doubled our sales and grown SODIC’s market share in East Cairo and the North Coast. Our strong results, despite global headwinds and challenging local operating conditions, are a testament to the strength of our brand and the confidence of our customers in our ability to consistently deliver on our promises. We remain firm believers in the depth of our sector, driven by the strong fundamental demand of a young population and the deeply rooted home owning culture among Egyptians. We look forward to another year of strong performance as we continue to leverage the strength of our platform and disciplined management approach which has consistently set us apart in challenging times.

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Operational Review

Full Year Ended 31st of December 2022

Gross Contracted Sales

SODIC sold 2,873 units during 2022, generating gross contracted sales of EGP 21.29 billion, an increase of 87% over EGP 11.36 billion of gross contracted sales recorded during 2021.

Gross contracted sales during the period were diversified between SODIC’s main markets, with West Cairo accounting for 37% of sales supported by the strong demand following the relaunch of the 464 acres project in Q4 2022, with the project generating c. EGP 3.72 billion in contracted sales, 15% of SODIC’s contracted sales in 2022. East Cairo contributed 35% of the company’s gross contracted sales on the back of robust sales on both Villette and SODIC East, which contributed 15% and 13% of the year’s sales, respectively. While continued strong performance of June led to the North Coast to account for 29% of contracted sales during 2022.

Cancellations

Cancellations of EGP 1.25 billion were recorded during 2022, representing 6% of the year’s gross contracted sales. This compares to a cancellation rate of 17% during 2021.

Collections

Net cash collections reached EGP 7.02 billion for the period, with delinquencies at 5.1%. This compares to collections of EGP 4.95 billion and a delinquency rate of 5.95% recorded during 2021.

Deliveries

SODIC delivered some 1,279 units during the year, of which 1,001 were in East Cairo projects, while West Cairo and North Coast projects accounted for 258 and 20 of the delivered units respectively. This compares to 1,163 units delivered during the previous year.

Deliveries on 655-acre flagship East Cairo project SODIC East started during the year, with the company delivering 439 units as of 31st of December 2022.

CAPEX

CAPEX spent on construction during the 2022 amounted to EGP 3.21 billion, compared to EGP 3.27 billion spent last year.



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Financial Review

Income Statement

Full Year Ended 31st of December 2022

Revenues of EGP 7.81 billion were recorded during 2022, representing a 13% increase compared to EGP 6.92 billion of revenues recorded during 2021. Revenues were mainly driven by deliveries in East Cairo projects which accounted for 75% of SODIC’s 2022 unit deliveries by value. SODIC East Cairo projects Villette Sky Condos and SODIC East, led the year in terms of delivered value respectively accounting for 26% and 24% of the value delivered during the year. Furthermore, West Cairo and North Coast projects contributed 21% and 4% of the delivered value during 2022 respectively.

Gross profit came in at EGP 2.19 billion, implying a gross profit margin of 28%, impacted by EGP 542 million of provisions for the potential future impact of the recent currency devaluation, that has impacted development costs across the industry, on the company’s future revenue backlog.

This provision brings forward the potential impact of the inflationary headwinds on units that will be delivered in the coming two to three years and comes as part of SODIC’s prudent management approach and in line with the company’s commitment to transparency to its shareholders and delivery to its customers. We will continue working towards mitigating this impact over the remaining period to completion of the homes, while delivering on the quality and experience that SODIC prides itself on.

Excluding the effect of these provisions, Gross profits would register a 17% growth over 2021 levels to EGP 2.73 billion, which would reflect a gross profit margin of 35%, expanding 120 bps YoY.

Operating profit of EGP 650 million were recorded during 2022, reflecting an operating profit margin of 8% and adversely affected by the provisions. Excluding the effect of the provisions would imply an operating profit of EGP 1.19 billion growing 2% YoY.

Net profit after tax and non-controlling interests came in at EGP 520 million and implying a net profit margin of 7%. Normalised net profit¹ amounted to EGP 941 million, reflecting a net profit margin of 12% and EPS of EGP 2.63.

Balance Sheet

SODIC continues to maintain a strong liquidity position with total cash and cash equivalents² amounting to EGP 2.90 billion.

Bank leverage remains low, with bank debt to equity standing at 0.43x . Bank debt outstanding amounted to EGP 3.16 billion as of 31 December 2022. SODIC has been gradually increasing leverage mainly to enhance returns. Debt to equity amounted to 0.38x at year-end 2021, with EGP 2.55 billion of outstanding debt; and to 0.37x at year-end 2020, with EGP 2.3 billion of outstanding debt.

Total receivables stood at EGP 31.1 billion, of which EGP 6.8 billion are short term receivables providing strong cash flow visibility for the company. A total of EGP 4.05 billion of receivables are reported on the balance sheet, reflecting

¹ Normalised to exclude EGP 420 million representing the after-tax effect of provisions on net income

² Including Treasury Bills

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only the receivables relating to delivered units already recognized as revenue. On the other hand, some EGP 27.1 billion of receivables related to undelivered units are disclosed in the footnotes.

SODIC’s total backlog of unrecognized revenue stood at EGP 34.2 billion as of 31 December 2022, providing strong revenue visibility for the company.

Selected Consolidated Income Statement Items

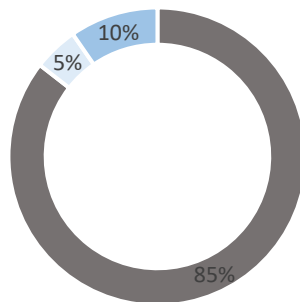
EGP in million	FY 2022	FY 2021
Total Revenue	7,811	6,923
Cost of Revenue	(5,619)	(4,584)
Gross Profit	2,192	2,339
Gross Profit Margin	28%	34%
Operating Profit	650	1,163
Operating Profit Margin	8%	17%
Net Profit Before Tax	710	1,172
Taxes	(185)	(307)
Non-Controlling Interests	(5)	(5)
Net Profit After Tax and Non-Controlling Interests	520	860
Net Profit Margin	7%	12%

Selected Consolidated Balance Sheet Items

EGP in million	Dec-22	Dec-21
Assets		
Work In Process	15,171	14,184
Long Term & Short Term Net Trade and Notes Receivable (on-balance sheet)	4,046	2,512
Cash & Cash equivalent & Treasury Bills	2,902	1,914
Total Assets	30,385	26,794
Liabilities & Shareholder Equity		
Bank Facilities & Loans	3,164	2,551
Advances from Customers	8,700	7,008
Total Liabilities	23,074	19,997
Total Equity	7,311	6,797
Total Liabilities & Equity	30,385	26,794

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Shareholding Structure as at 31/12/2022



- Aldar-ADQ Consortium
- Ekuity Holding
- Others

About SODIC

Building on a history of 25 years of successful operations in Egypt, SODIC is one of the country’s leading real estate development companies, bringing to the market award-winning large-scale developments to meet Egypt’s ever-growing need for high quality housing, commercial and retail spaces.

Headquartered in Cairo and listed on the Egyptian stock exchange (EGX) under OCDI.CA, SODIC is one of the few non-family-owned companies traded on the EGX.

Forward Looking Statements

Statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of SODIC. Such statements involve known and unknown risks, uncertainties and other factors; undue reliance should not be placed thereon. Certain information contained herein constitutes “targets” or “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “seek,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of SODIC may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of SODIC is subject to risks and uncertainties. Various factors could cause actual results to differ materially from those expressed or implied by the forward-looking statements in this document including worldwide economic trends, the economic and political climate of Egypt, the Middle East and changes in business strategy and various other factors.

SODIC Investor Relations

Contact Information
Omar Nashaat
onashaat@sodic.com
(+202) 3827 0300

IR website
ir.sodic.com