



SODIC (“Sixth of October Development & Investment Company”) (EGX OCDI.CA) has released its consolidated operational and financial results for the six months ended 30th of June 2023

SODIC records EGP 8.2 billion in gross contracted sales driven by strong uptake of both new and ready for delivery projects.

Record H1 despite limited launches and addition of 620 acres to landbank

Second Quarter 2023 Financial Highlights

- Revenues amounted to EGP 1.42 billion, down 7% YoY.
- Gross profit reached EGP 555 million, up 30% YoY, and reflecting a gross profit margin of 39%.
- Operating profit amounted to EGP 239 million, up 99% YoY, and implying an operating profit margin of 17%.
- Net profit after tax and non-controlling interests recorded EGP 148 million, up 126%YoY, and delivering a net profit margin of 10%.

Six Months Ended 30th of June 2023 Operational & Financial Highlights

- Gross contracted sales of EGP 8.17 billion, up 22%.
- Cancellations of 10% of gross contracted sales.
- Net Cash collections reached EGP 4.06 billion.
- Timely delivery of 402 units across SODIC’s projects.
- Revenues amounted to EGP 2.92 billion, up 7% YoY.
- Gross profit reached EGP 1.12 billion, up 22% YoY, and reflecting a gross profit margin of 38%.
- Operating profit amounted to EGP 404 million, up 4% YoY, and implying an operating profit margin of 14%.
- Net profit after tax and non-controlling interests recorded EGP 335 million, up 15%YoY, and delivering a net profit margin of 11%.

Key Corporate Highlights

- May 15th 2023: SODIC acquires 180 acres directly south of North Coast project Caesar, with plans to launch the project later this year;
- July 11th 2023: SODIC signs revenue share deal to develop 440 acres on the North Coast, projecting to generate EGP 80 billion in gross contracted sales form the plot.

Commenting on the results Ayman Amer SODIC’s General Manager said “Despite the limited launches in the first half of the year and the significant price increases to offset the effect of inflation we have achieved record sales. It has been a very strong first half for SODIC with the addition of 620 acres to our land bank in the North Coast, one of our key markets and reporting strong financials with growth across metrics. We look forward to a strong second half of the year.”

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Operational Review

Six Months Ended 30th of June 2023

Gross Contracted Sales

SODIC sold 674 units during the first six months of 2023, generating gross contracted sales of EGP 8.17 billion, an increase of 22% over EGP 6.67 billion of gross contracted sales recorded during the first half of 2022. Gross contracted sales during the period showed strong performance despite the company slowing down sales during the first quarter to review selling prices amid increasing construction costs. Sales were driven by strong demand for new launches of off-plan units and ready-for-delivery inventory across SODIC’s projects in the second quarter of the year despite a significant increase in selling prices due to inflation.

Gross contracted sales were driven by strong sales on SODIC’s projects across all main markets. West Cairo projects accounted for 52% of gross contracted sales, primarily driven by the continued strong demand for SODIC’s relaunched 464-acre project, which contributed 32% of the period’s sales. On the other hand, East Cairo projects accounted for 34% of SODIC’s H1 2023 sales, on the back of strong uptake of newly released inventory on Villette which contributed 21% of the period’s sales. Finally, North Coast June accounted for 15% of gross contracted sales fuelled by robust demand for the project’s latest launch.

Cancellations

Cancellations of EGP 816 million were recorded during the first half of 2023, representing 10% of the period’s gross contracted sales. This is in line with a cancellation rate of 10% recorded the same period in 2022 as the company currently prioritizes the cancellation of units in default, allowing these units to be resold at current market prices, supporting margins and increasing projects’ total returns.

Collections

Net cash collections reached EGP 4.06 billion for the period, with delinquencies at 4.5%. This compares to collections of EGP 2.93 billion and a delinquency rate of 8.2% recorded during the same period of 2022.

Deliveries

SODIC delivered some 402 units during the 6 months period, of which 212 were in East Cairo projects, while West Cairo and North Coast projects accounted for 189 and 1 of the delivered units, respectively. This compares to 463 units delivered during the same period last year.

CAPEX

CAPEX spent on construction during the period amounted to EGP 1.79 billion, compared to EGP 1.3 billion spent during H1 2022.

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Financial Review

Income Statement

Revenues during the second quarter of 2023 amounted to EGP 555 million. Revenues were mainly driven by deliveries in East Cairo projects SODIC East and EDNC, with East Cairo projects contributing 57% of the quarter’s delivered value. On the other hand, West Cairo projects accounted for a further 43% of the quarter’s delivered value driven by deliveries on October Plaza as well as on Allegria Residence and Six West in SODIC West.

Gross profit increased 30% YoY to reach EGP 555 million, implying a gross profit margin of 39%. This compares to a gross profit of EGP 437 million and a gross profit margin of 28% recorded during the second quarter of last year. Gross profit margins improved 1080bps YoY as SODIC continued to deliver more advanced phases of projects which normally carry higher margins than earlier phases.

Operating profit grew 99% YoY to EGP 239 million, implying an operating profit margin of 17%, compared to an operating profit of EGP 120 million and an operating profit margin of 8% recorded during Q2 2022,

Net profit after tax and non-controlling interests came in at EGP 148 million reflecting a net profit margin of 10%. This compares to a net profit after tax and non-controlling interests of EGP 65 million and a net profit margin of 4% recorded during the same quarter last year.

Six Months Ended 30th of June 2023

Revenues of EGP 2.92 billion were recorded during the first six months of 2023, representing a 7% increase compared to EGP 2.73 billion of revenues recorded during the same period last year.

Revenues were mainly driven by deliveries in West Cairo projects October Plaza and SODIC West’s Pavilion, Allegria Residence, and Six West, with West Cairo projects contributing 52% of the period’s delivered value. On the other hand, East projects accounted for a further 47% of the value delivered during H1 2023 driven by deliveries on SODIC East.

Gross profit increased 22% YoY on the back of higher revenues to record EGP 1.12 billion, implying a gross profit margin of 38%. This compares to a gross profit of EGP 941 million and a gross profit margin of 34% recorded during the first half of 2022.

Operating profit for the six months period amounted to EGP 404 million, reflecting an operating profit margin of 14%. This represents a 4% growth over an operating profit of EGP 387 million and an operating profit margin of 14% recorded during the same period last year.

Net profit after tax and non-controlling interests came in at EGP 335 million, growing 15% from the EGP 292 million recorded during the first half of 2022. Net profit margin expanded 80bps YoY to 11%.



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Balance Sheet

SODIC continues to maintain a strong liquidity position with total cash and cash equivalents¹ amounting to EGP 2.93 billion.

Bank leverage remains low, with bank debt to equity standing at 0.41x. Bank debt outstanding amounted to EGP 3.12 billion as of 30 June 2023. SODIC has been gradually increasing leverage mainly to enhance returns. Debt to equity amounted to 0.43x at year-end 2022, with EGP 3.16 billion of outstanding debt; and to 0.38x at year-end 2021, with EGP 2.55 billion of outstanding debt.

Total receivables stood at EGP 33.74 billion, of which EGP 7.50 billion are short term receivables providing strong cash flow visibility for the company. A total of EGP 4.23 billion of receivables are reported on the balance sheet, reflecting only the receivables relating to delivered units already recognized as revenue. On the other hand, some EGP 29.52 billion of receivables related to undelivered units are disclosed in the footnotes.

SODIC's total backlog of unrecognized revenue stood at EGP 38.56 billion as of 30 June 2023, providing strong revenue visibility for the company.

¹ Including Treasury Bills

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Selected Consolidated Income Statement Items

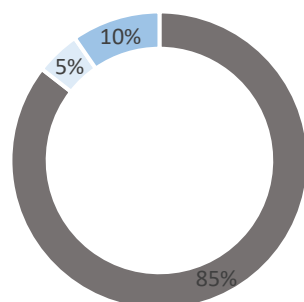
EGP in million	H1 2023	H1 2022 (after reclassification)
Total Revenue	2,915	2,731
Cost of Revenue	(1,797)	(1,813)
Gross Profit	1,118	918
Gross Profit Margin	38%	34%
Operating Profit	404	387
Operating Profit Margin	14%	14%
Net Profit Before Tax	443	296
Taxes	(101)	(108)
Non-Controlling Interests	(7)	(4)
Net Profit After Tax and Non-Controlling Interests	335	292
Net Profit Margin	11%	11%

Selected Consolidated Balance Sheet Items

EGP in million	Jun-23	Dec-22
Assets		
Work In Process	16,150	15,171
Long Term & Short-Term Net Trade and Notes Receivable (on-balance sheet)	4,226	4,046
Cash & Cash equivalent & Treasury Bills	2,928	2,902
Total Assets	32,959	30,385
Liabilities & Shareholder Equity		
Bank Facilities & Loans	3,119	3,164
Advances from Customers	10,714	8,700
Total Liabilities	25,306	23,074
Total Equity	7,653	7,311
Total Liabilities & Equity	32,959	30,385

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Shareholding Structure as at 30/06/2023



- 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

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