



SODIC ("Sixth of October Development & Investment Company") (EGX OCDI.CA) has released its consolidated financial results for the three months ended 31st of March 2021

SODIC releases 1Q21 results showing strong growth across operational and financial KPIs; A new Q1 record of EGP 1.85 billion of gross contracted sales

First Quarter 2021 Operational & Financial Highlights

- Gross contracted sales of EGP 1.85 billion, up 114% YoY;
- Residential sales accounted for EGP 1.83 billion of gross contracted sales, up 117% YoY;
- Cancellations of 8% of gross contracted sales;
- Cash collections reached EGP 1.23 billion;
- Timely delivery of 120 units across our projects;
- Revenues amounted to EGP 849 million, up 60% YoY;
- Gross profit increased 69% YoY to reach EGP 282 million, recording a gross profit margin of 33%;
- Operating profit grew 219% YoY, coming in at EGP 129 million, delivering an operating profit margin of 15%;
- Net profit after tax and non-controlling interests recorded EGP 100 million, up 235% YoY, delivering a net profit margin of 12%.

Commenting on the results, Magued Sherif SODIC's Managing Director said, "We are pleased and excited to deliver an excellent set of results for the first quarter of the year, putting us on track to achieve our annual guidance. The strong momentum of last year's fourth quarter was carried over, helping us deliver the best first quarter on record for gross contracted sales. Construction and deliveries are ongoing across our projects, supporting our commitment to timely deliveries. We continue to invest in our portfolio of prime assets to deliver on our strategy to create sizable future recurring revenues for the company."

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Operational Review

Gross Contracted Sales

Gross contracted sales for the quarter recorded EGP 1.85 billion, representing 333 units sold, mainly generated from residential sales; an increase of 114% over EGP 865 million, representing 205 units for the first quarter of 2020.

SODIC's newest West Cairo project Karmell had the most significant contribution to gross contracted sales, generating 35% of the quarter's sales. Other West Cairo projects contributed a further 27%, driven by the strong performance of our signature project, The Estates. East Cairo projects, led by SODIC East and Vilette, represented 38% of our gross contracted sales during the quarter.

Cancellations

Cancellations of EGP 147 million were recorded during Q1 2021, representing 8% of the quarter's gross contracted sales. This compares to a cancellation rate of 22% during the first quarter of 2020.

Collections

Net cash collections reached EGP 1.23 billion for the period, with delinquencies at 10.9%. This compares to collections of EGP 986 million and a delinquency rate of 11.2% recorded during the same period in 2020.

Deliveries

SODIC delivered some 120 units during the first quarter of the year. East Cairo projects, namely Eastown Residences and Vilette, accounted for 60 of the delivered units, while our West Cairo and North Coast projects accounted for 52 and 8 of our deliveries respectively. This compares to 100 units delivered across our projects during Q1 2020.

CAPEX

CAPEX spent on construction during the first quarter amounted to EGP 776 million, compared to EGP 950 million spent during the same quarter last year.

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Financial Review

Income Statement

Revenues of EGP 849 million were recorded during the quarter, an increase of 60% over EGP 529 million recorded during the first quarter last year. Revenues were driven by deliveries in our East Cairo projects which contributed 59% of the quarter's delivered value, led by Villette which contributed 47%, while our West Cairo and North Coast projects accounted for a further 36% and 5%, respectively.

Gross profit increased 69% YoY on the back of higher revenues to record EGP 282 million, implying a gross profit margin of 33%. This compares to a gross profit of EGP 167 million and a gross profit margin of 32% recorded during the same quarter of 2020. The improvement in gross profit margins comes on the back of continued margin improvement of East Cairo project Villette, which accounted for the lion's share of the quarter's delivered value, with margins on the project improving 1,600 bps to 28% during the reporting period compared to 12% during 1Q 2020.

Operating profit grew 219% over 1Q 2020 to reach EGP 129 million, reflecting an operating profit margin of 15%. This compares to EGP 40 million and an operating profit margin of 8% recorded during the first quarter last year. The significant improvement comes on the back of higher revenues coupled with SG&A to revenues retracting 600 bps during the quarter.

Net profit after tax and non-controlling interests came in at EGP 100 million, growing 235% YoY from 30 million recorded during 1Q 2020. Net profit margin improved 600 bps from 6% in 1Q 2020, recording 12% in 1Q 2021, on the back of the increase in operating profitability. However, it was negatively impacted by a steep drop in net finance income as a result of the sharp decline in interest rates following CBE rate cuts during 2020.

Balance Sheet

Total cash and cash equivalents amounted to EGP 2.4 billion. This amount excludes some EGP 1.3 billion related to customer maintenance deposits, following the reclassification of some of the accounts on the balance sheet implemented as of the 31st December 2020.

Bank leverage remains low, with bank debt to equity at 0.38x. Bank debts outstanding recorded EGP 2.4 billion as of 31st March 2021. SODIC has been gradually increasing leverage mainly to finance investment in recurring income assets, debt to equity recorded 0.37x on 31st December 2020, with EGP 2.3 billion outstanding.

We continue to invest in our assets portfolio in line with the company's strategy to build a sizeable portfolio of prime leasable assets. Investment Property & Investment Property under Development balance amounted to EGP 2.4 billion on the 31st March 2020.

Total receivables stood at EGP 16.3 billion, of which EGP 4.6 billion are short term receivables providing strong cash flow visibility for the company. The new presentation of our receivables reports a total of EGP 2 billion of on-balance sheet receivables, reflecting only those relating to delivered units already recognized as revenue; in addition, some EGP 14.3 bn of receivables related to undelivered units are disclosed in the footnotes.

Our total backlog of unrecognized revenue stood at EGP 21.8 billion as of 31st March 2021, providing strong revenue visibility for the company. Following the reclassification implemented as of year-end 2020, our backlog can be estimated as the sum of the advances from customers account and the off-balance sheet post-dated checks related to undelivered units.

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Selected Consolidated Income Statement Items

EGP in million	1Q21	1Q20
Total Revenue	849	529
Cost of Revenue	(566)	(362)
Gross Profit	282	167
Gross Profit Margin	33%	32%
Operating Profit	129	40
Operating Profit Margin	15%	8%
Net Profit Before Tax	136	67
Taxes	(34)	(36)
Non-Controlling Interests	(2)	(1)
Net Profit After Tax and Non-Controlling Interests	100	30
Net Profit Margin	12%	6%

Selected Consolidated Balance Sheet Items

EGP in million	Mar-21	Dec-20
Assets		
Investment Properties	141	138
Investment Properties Under Development	2,237	2,103
Work In Process	14,975	14,375
Long Term & Short Term Net Trade and Notes Receivable (on-balance sheet)	1,960	2,013
Cash and Cash equivalent	2,412	2,210
Total Assets	25,727	24,748
Liabilities & Shareholder Equity		
Bank Credit Facilities & Long Term Loans	2,385	2,256
Advances from Customers	8,180	7,619
Total Liabilities	19,515	18,675
Total Equity	6,212	6,072
Total Liabilities & Equity	25,727	24,748



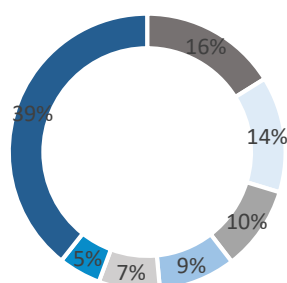
Earnings Release

Q1 2021

Cairo, Egypt | 31st of May 2021

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Shareholding Structure as at 28/4/2021



- ACT Financial Consortium
- Olayan Saudi Investment Company
- Abanumay Family
- Ripplewood Advisors L.L.C.
- RIMCO
- Ekuiti 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, with a strong corporate governance framework.

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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