



SODIC ("Sixth of October Development & Investment Company") (EGX OCDI.CA) has released its consolidated financial results for the nine months ended 30th of September 2023

SODIC records EGP 19.8 billion in gross contracted sales displaying strong demand for projects across markets.

Record Q3 on track to another record year with improvement across all financial and operational metrics

Third Quarter 2023 Financial Highlights

- Revenues amounted to EGP 2.06 billion, up 7% YoY.
- Gross profit reached EGP 663 million, up 19% YoY, and reflecting a gross profit margin of 32%.
- Operating profit amounted to EGP 292 million, up 35% YoY, and implying an operating profit margin of 14%.
- Net profit after tax and non-controlling interests recorded EGP 212 million, up 50%YoY, and delivering a net profit margin of 10%.

Nine Months Ended 30th of September 2023 Operational & Financial Highlights

- Gross contracted sales of EGP 19.8 billion, up 67% YoY.
- Cancellations of 5% of gross contracted sales.
- Net cash collections reached EGP 7.2 billion.
- Timely delivery of 743 units across SODIC's projects.
- Revenues amounted to EGP 4.97 billion, up 7% YoY.
- Gross profit reached EGP 1.78 billion, up 21% YoY, and reflecting a gross profit margin of 36%.
- Operating profit amounted to EGP 696 million, up 15% YoY, and implying an operating profit margin of 14%.
- Net profit after tax and non-controlling interests recorded EGP 548 million, up 26%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 a revenue share deal to develop 440 acres on the North Coast, projecting to generate EGP 80 billion in gross contracted sales from the plot.
- August 30th, 2023: SODIC brings Nobu to Egypt with the Addition of Two Luxury Hotels, Restaurants, and Residential Projects

Commenting on the results Ayman Amer SODIC's General Manager said "We are very happy to report record results showing significant growth across all key metrics, on track to deliver a very strong year. During 2023 we have prioritized growing our business while safeguarding profitability, pacing our launches, and revising our pricing strategies, ensuring healthy returns on all our projects. During the third quarter, we announced plans for the expansion of the Nobu brand in Egypt with the development of luxury hotels, branded residences, and the iconic Nobu restaurant in two of our projects, a milestone we are exceptionally proud of as we push forward with our strategy of partnering with world-class brands and operators to create differentiated experiences for our developments and communities."

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Operational Review

Nine Months Ended 30th of September 2023

Gross Contracted Sales

SODIC sold 1,396 units during the first nine months of 2023, generating gross contracted sales of EGP 19.8 billion, an increase of 67% over EGP 11.8 billion of gross contracted sales recorded during the first nine months of 2022.

Gross contracted sales were driven by strong sales on SODIC's projects across all main markets. East Cairo projects accounted for 28% of gross contracted sales, on the back of continued demand for newly released inventory on Vilette and launches on SODIC East, contributing 17% and 12% of the period's gross contracted sales, respectively. On the other hand, West Cairo projects accounted for 52% of 9M 2023 gross contracted sales driven by the strong sales performance of SODIC's relaunched 464-acre project, which contributed 25% of the period's sales. Finally, North Coast June accounted for 20% of gross contracted sales fuelled by continued strong demand for SODIC's secondary homes product.

Cancellations

Cancellations of EGP 995 million were recorded during the first nine months of 2023, representing 5% of the period's gross contracted sales. This compares to a cancellation rate of 8% during the same period in 2022.

Collections

Net cash collections reached EGP 7.2 billion for the period, with delinquencies at 3.23%. This compares to collections of EGP 4.6 billion and a delinquency rate of 6.9% recorded during the same period of 2022.

Deliveries

SODIC delivered some 743 units during the period, of which 452 were in East Cairo projects, while West Cairo and North Coast projects accounted for 287 and 4 of the delivered units respectively. This compares to 843 units delivered during the first nine months of the previous year. It is worth noting that the company's 2023 deliveries plan is heavily skewed towards the fourth quarter of the year compared to previous years based on scheduled project completions.

CAPEX

CAPEX spent on construction during the period amounted to EGP 3.2 billion, compared to EGP 2.0 billion spent during the same period last year.



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Financial Review

Income Statement

Third Quarter 2023

Revenues grew 7% YoY to record EGP 2.06 billion during the quarter. Revenues were mainly driven by deliveries in East Cairo projects SODIC East, and Villette's V-Residences and Sky Condos, with East Cairo projects contributing 57% of the quarter's delivered value. On the other hand, West Cairo projects accounted for a further 39% of the quarter's delivered value driven by deliveries on Allegria Residence in SODIC West as well as on October Plaza.

Gross profit increased 19% YoY to reach EGP 663 million, implying a gross profit margin of 32%. This compares to a gross profit of EGP 535 million and a gross profit margin of 28% recorded during the third quarter of last year. Gross profit margins improved 320bps YoY as result of the higher proportion of ready-to-move-in units in the delivery mix.

Operating profit grew 35% YoY to EGP 292 million, implying an operating profit margin of 14%, compared to an operating profit of EGP 216 million and an operating profit margin of 11% recorded during Q3 2022.

Net profit after tax and non-controlling interests came in at EGP 212 million, growing 50% YoY and reflecting a net profit margin of 10%. This compares to a net profit after tax and non-controlling interests of EGP 142 million and a net profit margin of 7% recorded during the same quarter last year.

Nine Months Ended 30th of September 2023

Revenues of EGP 4.97 billion were recorded during the first nine months of 2023, representing a 7% increase compared to EGP 4.65 billion of revenues recorded during the same period last year.

Revenues were mainly driven by deliveries in East Cairo projects which contributed 52% of the period's delivered value, led by SODIC East and Villette's Sky Condos, which respectively contributed 25% and 10% of the period's delivered value. Furthermore, West Cairo projects accounted for a further 46% of the value delivered during 9M 2023 driven by deliveries on October Plaza, Allegria Residence, and Pavilion.

Gross profit increased 21% YoY on the back of deliveries of higher margin units to record EGP 1.78 billion, implying a gross profit margin of 36%. This compares to a gross profit of EGP 1.48 billion and a gross profit margin of 32% recorded during the first nine months of 2022.

Operating profit for the nine-month period amounted to EGP 696 million, reflecting an operating profit margin of 14%. This represents a 15% growth over an operating profit of EGP 603 million and an operating profit margin of 13% recorded during the same period last year.

Net profit after tax and non-controlling interests came in at EGP 548 million, growing 26% from the EGP 434 million recorded during the first nine months of 2022. Net profit margin expanded 170bps YoY to 11%.

Balance Sheet

SODIC continues to maintain a strong liquidity position with total cash and cash equivalents¹ amounting to EGP 3.37 billion.

¹ Including Treasury Bills



Earnings Release

Q3 2023

Cairo, Egypt | 26th of October 2023

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Bank leverage remains low, with bank debt to equity standing at 0.42x. Bank debt outstanding amounted to EGP 3.34 billion as of 30 September 2023.

Total receivables stood at EGP 39.98 billion, of which EGP 8.96 billion are short term receivables providing strong cash flow visibility for the company. A total of EGP 4.78 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 35.20 billion of receivables related to undelivered units are disclosed in the footnotes.

SODIC's total backlog of unrecognized revenue stood at EGP 45.46 billion as of 30 September 2023, providing strong revenue visibility for the company.

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Selected Consolidated Income Statement Items

EGP in million	9M 2023	9M 2022 (after reclassification)
Total Revenue	4,971	4,653
Cost of Revenue	(3,190)	(3,177)
Gross Profit	1,780	1,476
Gross Profit Margin	36%	32%
Operating Profit	696	603
Operating Profit Margin	14%	13%
Net Profit Before Tax	727	608
Taxes	(170)	(169)
Non-Controlling Interests	(9)	(5)
Net Profit After Tax and Non-Controlling Interests	548	434
Net Profit Margin	11%	9%

Selected Consolidated Balance Sheet Items

EGP in million	Sept-23	Dec-22
Assets		
Work In Process	17,533	15,171
Long Term & Short-Term Net Trade and Notes Receivable (on-balance sheet)	4,783	4,046
Cash & Cash equivalent & Treasury Bills	3,375	2,902
Total Assets	35,981	30,385
Liabilities & Shareholder Equity		
Bank Facilities & Loans	3,343	3,164
Advances from Customers	12,169	8,700
Total Liabilities	28,113	23,074
Total Equity	7,868	7,311
Total Liabilities & Equity	35,981	30,385



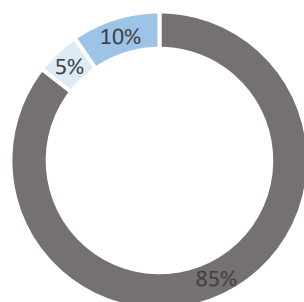
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Shareholding Structure as at 30/09/2023



- Aldar-ADQ Consortium
- Ekuity Holding
- Others

About SODIC

Building on a history of more than 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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