

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

Cairo, Egypt, 29 October 2023, Sixth of October Development & Investment Company “SODIC” has released its consolidated financial results for the nine months ended 30th of September 2023.

Operational & Financial Highlights

- **Gross contracted sales** EGP 19.8 billion, up 67% YoY
- **Cancellations** 5% of gross contracted sales
- **Net Cash collections** EGP 7.2 billion
- **Timely delivery** of 743 units
- **Revenues** EGP 4.97 billion, up 7% YoY
- **Gross profit:** EGP 1.78 billion, up 21% YoY, reflecting a gross profit margin of 36%
- **Operating profit:** EGP 696 million, up 15% YoY, implying an operating profit margin of 14%
- **Net profit after tax and non-controlling interests** EGP 548 million, up 26% YoY, delivering a net profit margin of 11%

Operational Review;

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 Villette 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 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.

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.

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.

¹ Including Treasury Bills

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.

Financial Review;

Income Statement

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 equivalents amounting to EGP 3.37 billion.

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.

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.

¹ Including Treasury Bills

- 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".

About SODIC

SODIC is one of the region's leading real estate development companies, currently developing a number of diversified projects in Egypt. SODIC's developments in East and West Cairo and Egypt's North Coast range from residential, retail, and commercial projects to large-scale mixed-use developments. SODIC is listed on the Egypt's Stock Exchange (Ticker OCDI). For more information, please visit www.sodic.com.