SODIC records EGP 30 billion in gross contracted sales, up by 42% YoY and records 164% growth in net income

Strong results with growth across key metrics and a focus on profitable sales and sustainable growth

Cairo, Egypt, 5 February 2024, Sixth of October Development & Investment Company "SODIC" has released its consolidated financial results for the year ended 31st of December 2023.

Operational & Financial Highlights

- **Gross contracted sales** EGP 30.26 billion, up 42% YoY
- **Cancellations** 4% of gross contracted sales, down from 6% in 2022
- **Net Cash collections** EGP 10.5 billion
- **Timely delivery** of 1,427 units
- **Revenues** EGP 10.33 billion, up 32% YoY
- **Gross profit:** EGP 3.57 billion, up 36% YoY, reflecting a gross profit margin of 35%
- **Operating profit:** EGP 1.86 billion, up 187% YoY, implying an operating profit margin of 18%
- **Net profit after tax and non-controlling interests** EGP 1.37 billion, up 164% YoY, delivering a net profit margin of 13%
- **Delinquencies**: 2.2%, down from 5.1% in 2022

Key Corporate Highlights

- May 15th: SODIC acquired 180 acres directly south of North Coast project Caesar, launching the project in record three months.
- July 11th: SODIC signed a revenue share deal to develop 440 acres on the North Coast
- August 30th: SODIC signed a partnership agreement with Nobu Hospitality for their expansion into Egypt for the first time, bringing their renowned brand of restaurants, hotels and branded residences to two of SODIC's developments
- November 1st: SODIC begins deliveries in signature project "The Estates", marking it the first developer in Egypt to start delivery in New Zayed.

Operational Review

SODIC sold 1,984 units during 2023, generating gross contracted sales of EGP 30.26 billion, an increase of 42% over EGP 21.29 billion of gross contracted sales recorded during 2022.

Gross contracted sales during the period were diversified between SODIC's main markets, with West Cairo accounting for 51% of sales supported by the strong demand for the 464 Acres project and the Estates project which contributed to about c. EGP 12.9 bn in contracted sales, 43% of SODIC's contracted sales in 2023. East Cairo contributed 32% of the company's gross contracted sales on the back of robust sales on SODIC East, which contributed 16% of the year's sales. North Coast accounted for 17% of contracted sales during 2023.

Cancellations of EGP 1.1 billion were recorded during 2023, representing 4% of the year's gross contracted sales. This compares to a cancellation rate of 6% during 2022.

[1] Including Treasury Bills

Net cash collections reached EGP 10.5 billion for the period, with delinquencies at 2.2%. This compares to collections of EGP 7 billion and a delinquency rate of 5.1% recorded during 2022.

SODIC delivered some 1,427 units during the year, of which 911 were in East Cairo projects, while West Cairo and North Coast projects accounted for 511 and 5 of the delivered units respectively. This compares to 1,279 units delivered during the previous year.

Deliveries on the 655-acre flagship East Cairo project SODIC East started in 2022, with the company delivering 431 units within the year 2023.

CAPEX spent on construction during 2023 amounted to EGP 6 billion, compared to EGP 3 billion spent last year.

Financial Review

Income Statement

Revenues of EGP 10.33 billion were recorded during 2023, representing a 32% increase compared to EGP 7.81 billion of revenues recorded during 2022. Revenues were mainly driven by deliveries in East Cairo projects which accounted for 56% of SODIC's deliveries by value during the year. East Cairo projects V Residence, SODIC East and EDNC, accounted for 20%, 15% and 12% of the value delivered during the year respectively, together representing 47% of the total value of deliveries. West Cairo and North Coast projects contributed 43% and 1% of the delivered value respectively during 2023.

Gross profit came in at EGP 3.57 billion, implying a gross profit margin of 35%, gross profits recorded a 32% growth over 2022, compared to a gross profit margin of 28% in 2022, expanding 650 bps YoY.

Operating profit of EGP 1.86 billion was recorded during 2023, reflecting an operating profit margin of 18% growing 187% YoY.

Net profit after tax and non-controlling interests came in at EGP 1.37 billion and implying a net profit margin of 13% and EPS of EGP 3.85.

Balance Sheet

SODIC continues to maintain a strong liquidity position with total cash and cash equivalents amounting to EGP 2.66 billion.

Bank leverage remains low, with bank debt to equity standing at 0.37x. Bank debt outstanding amounted to EGP 3.22 billion as of 31 December 2023. Debt to equity amounted to 0.43x at year-end 2022, with EGP 3.16 billion of outstanding debt.

Total receivables stood at EGP 48.1 billion, of which EGP 10.29 billion are short term receivables providing strong cash flow visibility for the company. A total of EGP 6.7 billion of receivables are reported on the balance sheet, reflecting only the receivables related to delivered units already recognized as revenue. On the other hand, some EGP 41.4 billion of receivables related to undelivered units are disclosed in the footnotes.

[1] Including Treasury Bills

SODIC's total backlog of unrecognized revenue stood at EGP 51.4 billion as at 31 December 2023, providing strong revenue visibility for the company.

Commenting on the results Ayman Amer SODIC's General Manager said "We are very happy to report a strong set of results with growth across all operational and financial metrics. The focus this year was on achieving growth while ensuring healthy and profitable sales. We have also expanded our landbank adding two new plots on the north coast, complementing our portfolio of successful projects in this key market. The signing of the partnership with world renowned Nobu Hospitality in the summer is something we are exceptionally proud of as we continue to bring our clients world-class experiences. We look forward to another year of strong results as we push forward with our diligent management approach that continues to set SODIC apart. The Robust demand for SODIC's projects continues to be a testament to the strength of our brand as well as the underlying fundamentals driving the real estate market."

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.

[1] Including Treasury Bills