

SODIC (“Sixth of October Development & Investment Company”) (EGX OCDI.CA) has released its consolidated financial results for the six months ended 30th of June 2019

SODIC reports EGP 2 billion of revenue, a growth of 92% during the first half. Net contracted sales at EGP 2.3 billion

Second Quarter 2019 Highlights

- Revenues amounted to EGP 1 billion up 100%
- Gross profit reached EGP 360 million up 45% and recording a gross profit margin of 33%
- Operating profit amounted to EGP 175 million up 42% with operating profit margin recorded at 16%
- Net profit of EGP 175 million up 9%
- Net contracted sales were EGP 1.4 billion up 11%
- Timely delivery of 240 units across our projects versus 191 units delivered in the same period last year
- Cash collections up 11% to reach EGP 1.2 billion

Six Months Ended 30th of June 2019 Highlights

- Revenues amounted to EGP 2,016 million up 92%
- Gross profit reached EGP 630 million up 23% and recording a gross profit margin of 31%
- Operating profit amounted to EGP 325 million up 3% with operating profit margin recorded at 16%
- Net profit of EGP 336 million delivering a net profit margin of 17%
- Net contracted sales were EGP 2.3 billion vs EGP 2.5 billion for the same period last year
- Timely delivery of 441 units across our projects versus 358 units delivered in the same period last year
- Cash collections up 5% to reach EGP 2.3 billion

Company Developments

- SODIC announced in July that its headquarters, located at the Polygon Business Park, will be powered by solar energy by 2020. The company is currently installing solar powered parking sheds, with a capacity of 350kWp. The parking sheds will generate 520 MWH/Year reducing SODIC’s carbon emissions by 300 tons per annum.
- SODIC signed on the 16th of July an addendum with Commercial International Bank raising the limit of the medium term facility of October Plaza to EGP 500 million. The facility will be directed to expediting construction of the entire project which is anticipated to be delivered ahead of schedule.
- Al Yosr for Projects and Agricultural Development (“Al Yosr”), SODIC’s fully owned subsidiary, has signed a contract with the New Urban Communities Authority (“NUCA”) in July changing the use of the land owned by Al Yosr from agricultural to residential effectively increasing the allowable footprint and heights to levels comparable to other residential mixed use plots. This development paves the way for the planned launch of the project by the fourth quarter of 2019. The plot is located on kilometer 44 of the Cairo Alexandria desert road in close proximity to SODIC West, SODIC’s flagship development in West Cairo.

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Financial Review

Income Statement

Second Quarter 2019

Revenues doubled to EGP 1,075 million driven mainly by deliveries in Villette that contributed to 44% of the delivered value during the quarter.

Gross profit margin for the quarter was recorded at 33% versus 46% for the same period last year with deliveries of the early phases in Villette's slightly weighing in on the profitability of the quarter.

Operating profits for the quarter amounted to EGP 175 million an increase of 42% versus the same period last year, with operating profit margin recorded at 16%.

Net profit amounted to EGP 175 million an increase of 9% over the same quarter last year and recording a margin of 16%.

Six Months Ended 30th June 2019

Revenues of EGP 2,016 million were recorded during the six months period compared to EGP 1,050 million recorded during the same period last year, reflecting a growth of 92% with East Cairo projects amounting to 66% of the delivered value.

Gross profit grew 23% to record EGP 630 million during the period, reflecting a gross profit margin of 31%.

Operating profit of EGP 325 million was recorded during the period showing a growth of 3% versus the same period last year.

Net profits were recorded at EGP 336 million compared to EGP 373 million for the same period last year.

Balance Sheet

Total cash and cash equivalents amounted to EGP 4.5 billion reflecting a very liquid balance sheet supporting the execution of our projects as well as growth.

Bank leverage remains low despite increasing to 0.43x bank debt to equity with bank debts outstanding at EGP 2.1 billion. The increase in bank facility utilization comes in line with the company's strategy to prudently increase its leverage to enhance shareholder returns.

Receivables of EGP 11.5 billion provide strong cash flow visibility, with delinquency rates at 7%.

Client deposits represents the backlog of unrecognized revenues from contracted sales of units that are to be delivered over the coming three to four years. Our client deposits as of the end of the quarter were EGP 17 billion providing strong revenue visibility for the company.

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Operational Review

Second Quarter 2019

Net contracted sales for the quarter were EGP 1.4 billion up 11% versus the same period last year and mainly driven by sales in Vilette and Allegria residences contributing to 28% and 21% of the sales for the quarter respectively.

Net cash collections increased by 11% to reach EGP 1.2 billion during the second quarter 2019.

SODIC delivered some 240 units during the quarter of which 31% were in Vilette, 27% in Eastown Residences while the Courtyards and Polygon accounted for 26% and 10% of the units delivered respectively.

Six Months Ended 30th of June 2019

During the six months period SODIC released EGP 2 billion worth of new launches to the market, mainly Allegria Residences, EDNC and V residences which together accounted to 70% of the new launches. The launch plan for the year is heavily weighted to the second half with Al Yosr and the 500 acre coming online towards the end of the year.

Net contracted sales for the period were EGP 2.3 billion this compares to EGP 2.5 billion for the same period last year.

Cancellations of EGP 257 million were recorded during the period, of which EGP 123 million were resold in 2019, reflecting a net cancellation rate of 6%.

Net cash collections increased by 5% to reach EGP 2.3 billion during the six months period ended June 2019, while delinquencies were recorded at 7%.

SODIC delivered 441 units during the period with Eastown Residences and Vilette together constituting 59% of the delivered units. This compares to 358 units delivered during the same period last year

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Summary Consolidated Income Statement

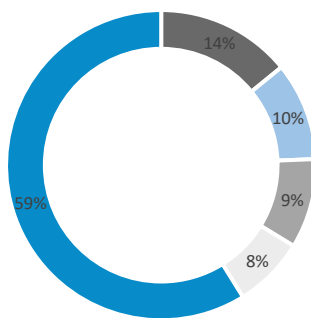
EGP in mn	1H19	1H18
Total Revenue	2,016	1,050
Cost of Goods Sold	(1,386)	(536)
Gross Profit	630	514
Gross Profit Margin	31%	49%
Operating Profit	325	317
Operating Profit Margin	16%	30%
Net Profit Before Tax	466	498
Taxes	(128)	(124)
Minority Interest	(2)	(1)
Net Profit After Tax and Minority Interest	336	373
Net Profit Margin	17%	36%

Selected Consolidated Balance Sheet Items

EGP in mn	Jun-19	Dec-18
Assets		
Total Assets	27,749	26,887
Work In Process	8,809	8,772
Long Term & Short Term Net Trade and Notes Receivable	11,461	11,635
Cash and cash equivalent	4,459	4,165
Liabilities & Shareholder Equity		
Bank Credit Facilities & Long Term Loans	2,129	1,520
Advances from Customers	16,695	16,596
Total Equity	5,063	4,907

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Shareholding Structure as at 30/06/2019



- Olayan Saudi Investment Company
- Abanumay Family
- Ripplewood Advisors L.L.C
- RIMCO
- Others

About SODIC

Building on a history of almost two decades 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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