

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

SODIC reports EGP 3.4 billion of revenue, a growth of 74%, YTD contracted sales at EGP 4.1 billion

Third Quarter 2019 Highlights

- Revenues amounted to EGP 1.4 billion up 53%
- Gross profit reached EGP 344 million and recording a gross profit margin of 23%
- Operating profit amounted to EGP 187 million with operating profit margin recorded at 13%
- Net profit of EGP 168 with a net profit margin of 12%
- Net contracted sales were EGP 614 million
- Timely delivery of 311 units across our projects versus 289 units delivered in the same period last year
- Cash collections up 5% to reach EGP 1 billion

Nine Months Ended 30th of September 2019 Highlights

- Revenues amounted to EGP 3.4 billion up 74%
- Gross profit reached EGP 974 million up 13% and recording a gross profit margin of 28%
- Operating profit amounted to EGP 512 million with operating profit margin recorded at 15%
- Net profit of EGP 504 million delivering a net profit margin of 15%
- Net contracted sales were EGP 2.9 billion vs EGP 3.8 billion for the same period last year
- Timely delivery of 752 units across our projects versus 647 units delivered in the same period last year
- Cash collections up 5% to reach EGP 3.4 billion

Company Developments

- Al Yosr for Projects and Agricultural Development (“Al Yosr”) master plan was approved by NUCA during the quarter. The project was branded “The Estates” and launched during the last week of September achieving EGP 1 billion of reservations, of which EGP 750 million were contracted to date.
- SODIC East’s master plan was approved in 4Q19 paving the way for the launch of Azailya, the first phase of multifamily buildings, offering apartments in SODIC’s newest mixed-use development in East Cairo.
- The launch of these two projects has contributed to bringing our year to date contracted sales (including reservations) to EGP 4.1 billion

SODIC ("Sixth of October Development & Investment Company") (EGX OCDI.CA) has released its consolidated financial results for the nine months ended 30th of September 2019

Financial Review

Income Statement

Third Quarter 2019

SODIC reported a strong growth in revenues in 3Q19 with EGP 1.4 billion recorded during the period, up 53%. Revenues growth continues to be driven the first phases of Villette accounting to 47% of the delivered value in the quarter.

Gross profit reached EGP 344 million, largely flat as early phase of deliveries in Villette dominate the handover mix in the quarter and carry lower margins than our mature projects such as Eastown and SODIC West.

SG&A to sales retracted 300 bps supporting operating profits to amount to EGP 187 million with operating profit margin recorded at 13%.

Net profits were recorded at EGP 168 with a net profit margin of 12%.

Nine Months Ended 30th September 2019

Revenues expanded 74% for the nine month period as SODIC recorded EGP 3.4 billion on track to achieve full year guidance of EGP 5.2 billion. The growth comes on the back of timely deliveries across our projects, with Villette being the largest contributor of 40% of delivered value followed by Eastown & the Courtyards contributing 19% and 12% respectively.

Gross profit grew 13%, to reached EGP 974 million and recording a gross profit margin of 28%, weighed down by the large contribution of Villette to revenues.

Operating profitability remained solid with operating amounting to EGP 512 million delivering an operating profit margin of 15%.

Net profit of EGP 504 million was recorded during the period, a decline of 18% largely in line with budget, partially attributed to the lower operating profitability, affected by Villette deliveries, but also impacted by higher interest expense attributed to higher debt utilization. SODIC delivered a net profit margin of 15%.

Balance Sheet

Total cash and cash equivalents amounted to EGP 4.2 billion, while bank debts outstanding were recorded at EGP 1.9 billion reflecting a net cash position of EGP 2.4 billion.

Receivables of EGP 11 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. Client deposits as of the end of the quarter were EGP 16 billion providing strong revenue visibility for the company.

SODIC ("Sixth of October Development & Investment Company") (EGX OCDI.CA) has released its consolidated financial results for the nine months ended 30th of September 2019

Operational Review

Third Quarter 2019

Net contracted sales for the quarter were EGP 614 million versus EGP 1.3 billion for the same period last year. Sales for the quarter were negatively affected by the postponement of the launch of Malaaz due to permitting delays across most new developments on the North Coast.

Net cash collections increased by 5% to reach EGP 1 billion during the quarter.

SODIC delivered some 311 units during the quarter, this compares to 289 units delivered in the same period last year.

Nine Months Ended 30th of September 2019

Net contracted sales for the period were EGP 2.9 billion this compares to EGP 3.~~7~~8 billion for the same period last year. Year to date contracted sales were recorded at EGP 4.1 billion backed by the strong performance of the Estates and SODIC East.

Cancellations of EGP 441 million were recorded during the period, of which EGP 140 million were resold in 2019, reflecting a net cancellation rate of 9%.

Net cash collections increased by 5% to reach EGP 3.4 billion during the period, while delinquencies were recorded at 7%.

SODIC delivered 752 units during the period with Eastown Residences and Vilette together constituting 57% of the delivered units. This compares to 647 units delivered during the same period last year.

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

Summary Consolidated Income Statement

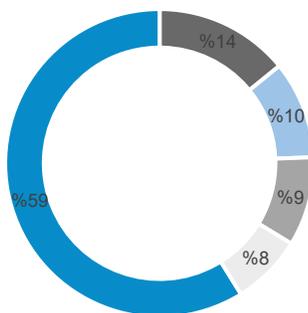
EGP in mn	9M19	9M18
Total Revenue	3,406	1,960
Cost of Goods Sold	(2,432)	(1,101)
Gross Profit	974	859
Gross Profit Margin	29%	44%
Operating Profit	512	532
Operating Profit Margin	15%	27%
Net Profit Before Tax	698	819
Taxes	(192)	(206)
Minority Interest	(2)	(1)
Net Profit After Tax and Minority Interest	504	612
Net Profit Margin	15%	31%

Selected Consolidated Balance Sheet Items

EGP in mn	Sept-19	Dec-18
Assets		
Total Assets	31,689	26,887
Work In Process	13,741	8,772
Long Term & Short Term Net Trade and Notes Receivable	11,062	11,635
Cash and cash equivalent	4,240	4,165
Liabilities & Shareholder Equity		
Bank Credit Facilities & Long Term Loans	1,939	1,520
Advances from Customers	15,959	16,596
Total Equity	5,236	4,907

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

Shareholding Structure as at 30/09/2019



- 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

Contact Information

Heba Makhoulouf

hmakhoulouf@sodic.com

(+202) 3827 0364

IR website

ir.sodic.com