



SODIC (“Sixth of October Development & Investment Company”) (EGX OCDI.CA) has released its consolidated financial results for the full year ended 31st of December 2021

SODIC achieves record EGP 11.36 billion gross contracted sales in 2021 54% YoY growth with large contribution from successful launch of North Coast “June”

Full Year 2021 Operational & Financial Highlights

- Gross contracted sales of EGP 11.36 billion, up 54% YoY;
- Cancellations of 17% of gross contracted sales;
- Cash collections reached EGP 4.95 billion;
- Timely delivery of 1,163 units across our projects;
- Revenues amounted to EGP 6.92 billion, up 24% YoY;
- Gross profit reached EGP 2.34 billion, up 31% YoY, and reflecting a gross profit margin of 34%;
- Operating profit amounted to EGP 1.17 billion, up 14% YoY, and implying an operating profit margin of 17%;
- Net profit after tax and non-controlling interests recorded EGP 860 million, up 5% YoY, and delivering a net profit margin of 12%.

Fourth Quarter 2021 Operational & Financial Highlights

- Gross contracted sales of EGP 5.97 billion, up 81% YoY;
- Cancellations of 18% of gross contracted sales;
- Cash collections reached EGP 1.31 billion;
- Timely delivery of 593 units across our projects;
- Revenues amounted to EGP 3.61 billion, up 81% YoY;
- Gross profit reached EGP 1.29 billion, up 107% YoY, and reflecting a gross profit margin of 36%;
- Operating profit amounted to EGP 695 million, up 117% YoY, and implying an operating profit margin of 19%;
- Net profit after tax and non-controlling interests recorded EGP 518 million, up 89% YoY, and delivering a net profit margin of 14%.



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Full Year Ended 31st of December 2021 Operational Review

Gross Contracted Sales

Gross contracted sales for the year came in at EGP 11.36 billion, a 54% growth YoY, generated by the sale of 1,745 units across our projects, setting a new record for annual gross contracted sales in terms of both number and value of units sold despite challenges posed by the temporary suspension of sales on our West Cairo 500 acres project in New Zayed.

Despite the limited launches, West Cairo projects accounted for 30% of our gross contracted sales during the year, supported by the continued strong demand for our signature project The Estates. East Cairo projects accounted for a further 33% of our gross contracted sales during 2021, driven by the strong performance of SODIC East, which contributed 17% to the year’s gross contracted sales. Finally, The North Coast made up 37% of gross contracted sales during 2021, on the back of the successful launch of North Coast June during the fourth quarter of the year, which recorded some EGP 4.14 billion in gross contracted sales.

Cancellations

Cancellations of EGP 1.97 billion were recorded during 2021, representing 17% of the year’s gross contracted sales. This compares to a cancellation rate of 14% recorded during 2020.

The increase comes as a result of the amplified cancellations on our 500 acre project due to its temporary suspension, with the project accounting for EGP 1.12 billion of cancellations during the year. Excluding cancellations on the 500 acre project, cancellations during 2021 would stand at 7% of gross contracted sales, in line with our historical average.

Collections

Net cash collections reached EGP 4.95 billion for the year, with delinquencies at 6%. This compares to collections of EGP 4.28 billion and a delinquency rate of 8% recorded during 2020.

Deliveries

SODIC delivered some 1,163 units during the year, of which 345 were in our West Cairo projects, while our East Cairo and North Coast projects accounted for 800 and 18 of the delivered units, respectively. SODIC also delivered 1,163 units during the previous year.

Throughout the year, the company started delivery on several projects, notably residential project Six West and commercial project Polygon X in our flagship destination SODIC West, as well as Sky Condos, the first multi-family offering in East Cairo project Villette, and EDNC, the commercial component of East Cairo project Eastown and the company’s flagship commercial project in East Cairo.

CAPEX

CAPEX spent on construction during the year amounted to EGP 3.3 billion, compared to EGP 3.4 billion spent during 2020.



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Fourth Quarter 2021 Operational Review

Gross Contracted Sales

Gross contracted sales for the quarter recorded EGP 5.97 billion, representing 928 units sold. This compares to gross contracted sales of some EGP 3.29 billion representing 585 units recorded during the fourth quarter of 2020.

Sales during the quarter were mainly driven by North Coast project June, which launched in October 2021 and accounted for 69% of the gross contracted sales during the quarter. Additionally, our West and East Cairo projects contributed 12% and 18% of the quarter's gross contracted sales respectively.

Cancellations

Cancellations of EGP 1.1 billion were recorded during Q4 2021, representing 18% of the quarter's gross contracted sales. The increase in cancellations is mainly attributable to cancellations on our 500 acre project due to the temporary suspension of the project, with the project accounting for 60% of the cancellations during the quarter. Additionally the cancellation of contracts for Malaaz prior to relaunching the project as June contributed a further 9% of the quarter's cancellations. Excluding these one-off cancellations on the 500 acres and Malaaz, cancellations during the quarter would stand at 5% of gross contracted sales.

Collections

Net cash collections reached EGP 1.31 billion for the quarter compared to net cash collections of EGP 1.19 million recorded for the same quarter in 2020.

Deliveries

SODIC delivered some 593 units during the fourth quarter of the year, compared to 337 units delivered across our projects during Q4 2020. East Cairo projects accounted for 472 of the delivered units, led by Villette's Sky Condos with 204 units delivered, West Cairo projects accounted for 120 of the delivered units, and one single unit was delivered in the North Coast.

CAPEX

CAPEX spent on construction during the fourth quarter of 2021 amounted to EGP 1.1 billion, compared to EGP 971 million spent during the same quarter last year.

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Financial Review - Income Statement

Full Year 2021

Revenues of EGP 6.92 billion were recorded during 2021, a 24% growth from EGP 5.73 billion recorded during 2020. Revenues during the year were mainly driven by deliveries in our East Cairo projects which contributed 75% of the year’s delivered value, led by Villette, EDNC, and Easttown Residences, which contributed 35%, 21%, and 19% of the delivered value, respectively. Furthermore, our West Cairo and North Coast projects contributed 24% and 1% of the delivered value during 2021, respectively.

Gross profit increased 31% YoY to reach EGP 2.34 billion in 2021, implying a gross profit margin of 34%. This compares to a gross profit of EGP 1.78 billion and a gross profit margin of 32% recorded last year. The increase in gross profits comes despite one-off losses for the recognition of our clubhouses in the amount of EGP 131 million.

Operating profit grew 14% YoY to amount to EGP 1.16 billion for the year, reflecting an operating profit margin of 17%, compared to EGP 1.02 billion of operating profit and an operating profit margin of 18% recorded in 2020, with the slight decrease in operating profit margin attributable to one-off recognition of sunk costs on Malaaz in the amount of EGP 17 million before relaunching the project as June, as well as sunk costs related to the 500 acres project in the amount of EGP 68 million due to the adjustment of the land plot location, in addition to one-off professional advisory fees of EGP 95 million. Excluding these one-off events, our normalized operating profit for 2021 would be EGP 1.47 billion, an increase of 45% on a YoY basis and would reflect an operating profit margin of 21%.

Net profit after tax and non-controlling interests came in at EGP 860 million, growing 5% YoY and delivering a net profit margin of 12%, which compares to EGP 820 million and a net profit margin of 15% recorded during 2020, with the decline in the net profit margin as a result of lower operating profitability due to the recognition of one off costs in addition to a sharp decline in net finance income due to lower interest rates. Excluding one-off events, normalized net profit after tax and minority interest would come in at EGP 1.1 billion a 33% YoY growth, and would imply a normalized net profit margin of 16%.

Fourth Quarter 2021

Revenues came in at EGP 3.6 billion during the quarter compared to EGP 2 billion recorded during the fourth quarter of 2020, a growth of 81% YoY. Revenues during the fourth quarter of 2021 were mainly driven by deliveries in Villette’s Sky Condos and EDNC, with East Cairo contributing 84% of the quarter’s delivered value. On the other hand, our West Cairo projects accounted for a further 16% of the quarter’s delivered value.

Gross profit reached EGP 1.29 billion, an increase of 107% YoY due to the growth in unit deliveries and revenues. Gross profit margins came in at 36% compared to 31% for the fourth quarter of 2020. The expansion in gross profit margin was driven by a more favourable delivery mix of higher margins units in our EDNC and Easttown Residences projects, as well as continued margin improvement on Villette.

Operating profit grew 117% during the quarter and amounted to EGP 695 million, reflecting an operating profit margin of 19%. This compares to an operating profit of EGP 320 million and an operating profit margin of 16% during the fourth quarter last year.

Net profit after tax and non-controlling interests recorded EGP 518 million for the fourth quarter of the year, growing 89% YoY and implying a net profit margin of 14% for the quarter. This compares to EGP 275 million and a net profit margin of 14% recorded during Q4 2020.



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Balance Sheet

Total cash and cash equivalents amounted to EGP 1.9 billion. This amount excludes some EGP 1.5 billion related to customer maintenance deposits, following the reclassification of some of the accounts on the balance sheet implemented as of year-end 2020.

Bank leverage remains low, with bank debt to equity standing at 0.38x. Bank debt outstanding amounted to EGP 2.55 billion as of 31 December 2021. SODIC has been gradually increasing leverage mainly to finance investment in recurring income assets. Debt to equity amounted to 0.37x at year-end 2020, with EGP 2.3 billion outstanding.

We continue to invest in our assets portfolio in line with the company’s strategy to build a sizeable portfolio of prime leasable assets. Investment Property & Investment Property under Development balance amounted to some EGP 3.52 billion on 31 December 2021.

Total receivables stood at EGP 19.5 billion, of which EGP 5 billion are short term receivables providing strong cash flow visibility for the company. The new presentation of our receivables reports a total of EGP 2.5 billion of on-balance sheet receivables, reflecting only those relating to delivered units already recognized as revenue. On the other hand, some EGP 17 billion of receivables related to undelivered units are disclosed in the footnotes.

Our total backlog of unrecognized revenue stood at EGP 22.76 billion as of 31 December 2021, providing strong revenue visibility for the company. Following the reclassification implemented as of year-end 2020, our backlog can be calculated as the sum of the advances from customers account and the off-balance sheet post-dated checks related to undelivered units.

FY2020 Company Developments

- July 15th 2021, SODIC received a letter from the Ministry of Housing, Utilities & Urban Communities informing the company of some changes to the New Zayed area plans at large including the development of a new project adjacent to SODIC’s 500 acre land plot which would result in the adjustment of the location of SODIC’s land plot;
- July 27th 2021, SODIC successfully closed its first securitization bond issuance for a gross receivables portfolio of some EGP 384 million;
- August 26th 2021, SODIC received a letter from the Sheikh Zayed City Development Authority informing the company that the proposal for a new land plot for the 500 acre project has been presented to NUCA’s Board of Directors;
- September 2nd 2021, SODIC acquired a 123 acre land plot directly adjacent to West Cairo project “The Estates” that will serve as an extension to the existing project;
- September 13th 2021, SODIC signed a partnership agreement for a 280 acre plot on the North Coast and launched “June” project on the plot
- October 14th 2021, SODIC signed EGP 1.57 billion Long-Term Syndicated Facility to finance flagship development SODIC West.
- December 14th 2021, Investor consortium comprised of Aldar Properties PJSC and ADQ acquire majority stake in SODIC



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Shareholding Changes

Cairo, Egypt, 14th December 2021; A consortium comprising Aldar Properties (“Aldar”) and ADQ acquired approximately 85.52% of the outstanding share capital of SODIC.

The all-cash mandatory tender offer, at a purchase price of EGP 20.0 per share, valued SODIC at EGP 7.1 billion. The offer was accepted by shareholders representing 85.52% of outstanding share capital, resulting in a transaction value of EGP 6.1 billion.

With a market capitalization of USD 9.5 billion, Aldar is one of the UAE’s largest real estate development and asset management companies by market value and the market leader in Abu Dhabi. The company is responsible for the development of iconic real estate across Abu Dhabi, including residential, commercial, and retail assets on Yas Island, the world-renowned leisure, shopping, and entertainment centre, and Saadiyat Island, the capital’s up and coming lifestyle and cultural destination. Aldar has a diverse range of business interests, including strategic investment, fee-based development management, schools, hospitality, leisure and entertainment, facilities management and more. A well governed and transparent company, Aldar prides itself on being customer centric and innovative with a commitment to corporate governance, operational excellence, sustainable practices, and talent development.

ADQ is one of the region’s largest holding companies with a broad portfolio of major enterprises spanning key sectors of Abu Dhabi’s diversified economy.

The consortium has communicated its objective to advance SODIC’s position as a leading national developer by scale and reputation, growing the company’s portfolio of mixed-use residential communities in Greater Cairo, the North Coast, and other major markets.

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Selected Consolidated Income Statement Items

EGP in million	2021	2021 Normalized	2020
Total Revenue	6,923	6,923	5,573
Cost of Revenue	(4,584)	(4,584)	(3,793)
Gross Profit	2,339	2,339	1,781
Gross Profit Margin	34%	34%	32%
Operating Profit	1,163	1,474	1,018
Operating Profit Margin	17%	21%	18%
Net Profit Before Tax	1,172	1,482	1,091
Taxes	(307)	(384)	(265)
Non-Controlling Interests	(5)	(5)	(6)
Net Profit After Tax and Non-Controlling Interests	860	1,093	820
Net Profit Margin	12%	16%	15%

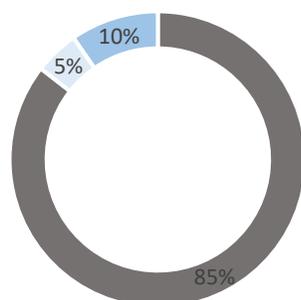
Selected Consolidated Balance Sheet Items

EGP in million	2021	2020
Assets		
Investment Properties	368	138
Investment Properties Under Development	3,156	2,103
Work In Process	14,184	14,375
Long Term & Short Term Net Trade and Notes Receivable (on-balance sheet)	2,512	2,013
Cash and Cash equivalent	1,914	2,210
Total Assets	26,794	24,748
Liabilities & Shareholder Equity		
Bank Credit Facilities & Long Term Loans	2,551	2,256
Advances from Customers	7,008	7,619
Total Liabilities	19,997	18,675
Total Equity	6,798	6,072
Total Liabilities & Equity	26,794	24,748



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Shareholding Structure as at 31/12/2021



- Aldar-ADQ Consortium
- Ekuity Holding
- Others

About SODIC

Building on a history of 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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