

SODIC (“Sixth of October Development & Investment Company”) (EGX OCDI.CA) has released its consolidated financial results for the three months ended 31st of March 2022

SODIC achieves record Q1 gross contracted sales of EGP 3.74 billion and commences deliveries in SODIC East;

First Quarter 2022 Operational & Financial Highlights

- Gross contracted sales of EGP 3.74 billion, up 102% YoY;
- Cancellations of 10% of gross contracted sales;
- Timely delivery of 165 units across our projects;
- Revenues amounted to EGP 1.19 billion, up 40% YoY;
- Gross profit reached EGP 503 million, up 78% YoY, and reflecting a gross profit margin of 42%;
- Operating profit amounted to EGP 267 million, up 107% YoY, and implying an operating profit margin of 22%;
- Net profit after tax and non-controlling interests recorded EGP 226 million, up 125% YoY, and delivering a net profit margin of 19%.

Commenting on the results, Magued Sherif, SODIC’s Managing Director, said, “We are happy to deliver a strong set of results for the first quarter of the year, showing growth in both gross contracted sales and profitability. We believe these results, in addition to our leading brand equity, diversified product offerings, and disciplined approach to management, put us on track to deliver another record year of growth for SODIC despite the economic headwinds and inflationary backdrop.

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First Quarter 2022 Operational Review

Gross Contracted Sales

Gross contracted sales for the first quarter of the year grew 102% YoY, carrying over the strong momentum of Q4 2021, and recorded EGP 3.74 billion, representing 573 units sold across our projects, to set a new record for contracted sales during any first quarter in terms of both number and value of units sold.

West Cairo projects accounted for 36% of our gross contracted sales during the quarter, supported by the successful launch of our newest West Cairo project, The Estates Residences, which was launched in Q1 2022 on the plot that we acquired in Q3 2021. The Estates Residences serves as an extension to The Estates, SODIC’s upscale signature community in New Zayed. East Cairo projects accounted for a further 34% while, the north coast, on the back of the successful launch of North Coast project June during the fourth quarter of 2021, accounted for 30% of gross contracted sales during the quarter.

Cancellations

Cancellations of EGP 388 million were recorded during Q1 2022, representing 10% of the quarter’s gross contracted sales. This compares to a cancellation rate of 8% recorded during the first quarter of 2021.

Cancellations were negatively affected by cancellations of EGP 299 million on our 500 acres project due to its temporary suspension, with the project accounting for 80% of the cancellations during the quarter. Excluding cancellations on the 500 acres project, cancellations would stand at 2% of gross contracted sales.

Deliveries

SODIC delivered some 165 units in Q1 2022, of which 42 were in our West Cairo projects, while our East Cairo and North Coast projects accounted for 116 and 7 of the delivered units, respectively. This compares to 120 units delivered across our projects during Q1 2021.

During the quarter, SODIC delivered ten units in SODIC East, our flagship project in East Cairo, marking the first deliveries on what is set to be a full-fledged world-class mixed-use destination on the East side of Cairo.

CAPEX

CAPEX spent on construction during the quarter amounted to EGP 634 million, compared to EGP 776 million spent during Q1 2021.

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First Quarter 2022 Financial Review

Income Statement

Revenues of EGP 1.19 billion were recorded during the quarter, an increase of 40% over EGP 849 million recorded during the first quarter of 2021. Revenues were mainly driven by deliveries in our East Cairo projects which accounted for 67% of deliveries by value, led by commercial project EDNC and Villette’s Sky Condos, which accounted for 29% and 22% of the delivered value, respectively. Furthermore, our West Cairo and North Coast projects contributed 30% and 3% of the delivered value during the quarter.

Gross profit increased 78% YoY to reach EGP 503 million, implying a gross profit margin of 42%. This compares to a gross profit of EGP 282 million and a gross profit margin of 33% recorded during the first quarter of last year. Gross profit margin expanded 900 bps YoY, supported by a better delivery mix, with high margin EDNC leading the quarter in terms of delivered value.

Operating profit grew 107% YoY from EGP 129 million recorded in 1Q 2021 to reach EGP 267 million during the first quarter of 2022. Supported by higher revenues and gross profit, operating profit margin improved 700 bps YoY and came in at 22% during 1Q 2022 compared to 15% during the same quarter in 2021.

Net profit after tax and non-controlling interests came in at EGP 226 million, growing 125% YoY from EGP 100 million recorded during 1Q 2021. Net profit margin improved 700 bps to 19% during the quarter, on the back of the improvement in operating profitability.

Balance Sheet

SODIC continues to maintain a strong liquidity position with total cash and cash equivalents amounting to EGP 2 billion.

Bank leverage remains low, with bank debt to equity standing at 0.36x. Bank debt outstanding amounted to EGP 2.53 billion as of 31 March 2022. SODIC has been gradually increasing leverage mainly to enhance returns and finance investment in recurring income assets. Debt to equity amounted to 0.38x at year-end 2021, with EGP 2.55 billion outstanding; and to 0.37x at year-end 2020, with EGP 2.3 billion outstanding.

Investment Property & Investment Property under Development balance amounted to some EGP 3.7 billion on 31 March 2022.

Total receivables stood at EGP 21.2 billion, of which EGP 5.1 billion are short term receivables providing strong cash flow visibility for the company. A total of EGP 2.5 billion of receivables are reported on our balance sheet, reflecting only the receivables relating to delivered units already recognized as revenue. On the other hand, some EGP 18.7 billion of receivables related to undelivered units are disclosed in the footnotes.

Our total backlog of unrecognized revenue stood at EGP 25 billion as of 31 March 2022, providing strong revenue visibility for the company.

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Selected Consolidated Income Statement Items

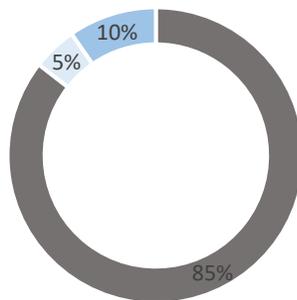
EGP in million	Q1 2022	Q1 2021
Total Revenue	1,187	849
Cost of Revenue	(683)	(566)
Gross Profit	503	282
Gross Profit Margin	42%	33%
Operating Profit	267	129
Operating Profit Margin	22%	15%
Net Profit Before Tax	301	136
Taxes	(72)	(34)
Non-Controlling Interests	(2)	(2)
Net Profit After Tax and Non-Controlling Interests	226	100
Net Profit Margin	19%	12%

Selected Consolidated Balance Sheet Items

EGP in million	Mar-22	Dec-21
Assets		
Investment Properties	399	368
Investment Properties Under Development	3,306	3,156
Work In Process	14,505	14,184
Long Term & Short Term Net Trade and Notes Receivable (on-balance sheet)	2,513	2,512
Cash and Cash equivalent	2,002	1,914
Total Assets	27,428	26,794
Liabilities & Shareholder Equity		
Bank Credit Facilities & Long Term Loans	2,528	2,551
Advances from Customers	7,363	7,008
Total Liabilities	20,402	19,997
Total Equity	7,026	6,798
Total Liabilities & Equity	27,428	26,794

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Shareholding Structure as at 31/3/2022



- 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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