

SODIC (“Sixth of October Development & Investment Company”) (EGX OCDI.CA) has released its consolidated financial results for the six months ended 30<sup>th</sup> of June 2022

## **SODIC achieves record H1 gross contracted sales of EGP 6.67 billion and ramps up deliveries in flagship SODIC East;**

### **Second Quarter 2022 Operational & Financial Highlights**

- Gross contracted sales of EGP 2.94 billion, up 54% YoY;
- Cancellations of 10% of gross contracted sales;
- Cash collections reached EGP 1.59 billion;
- Timely delivery of 299 units across our projects;
- Revenues amounted to EGP 1.54 billion, up 51% YoY;
- Gross profit reached EGP 437 million, up 18% YoY, and reflecting a gross profit margin of 28%;
- Operating profit amounted to EGP 120 million, down 26% YoY, and implying an operating profit margin of 8%;
- Net profit after tax and non-controlling interests recorded EGP 65 million, down 46% YoY, and delivering a net profit margin of 4%.

### **Six Months Ended 30<sup>th</sup> of June 2022 Operational & Financial Highlights**

- Gross contracted sales of EGP 6.67 billion, up 77% YoY;
- Cancellations of 10% of gross contracted sales;
- Cash collections reached EGP 2.96 billion;
- Timely delivery of 464 units across our projects;
- Revenues amounted to EGP 2.73 billion, up 46% YoY;
- Gross profit reached EGP 941 million, up 44% YoY, and reflecting a gross profit margin of 34%;
- Operating profit amounted to EGP 387 million, up 33% YoY, and implying an operating profit margin of 14%;
- Net profit after tax and non-controlling interests recorded EGP 292 million, up 31% YoY, and delivering a net profit margin of 11%.

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### Second Quarter 2022 Operational Review

#### Gross Contracted Sales

Gross contracted sales for the quarter recorded EGP 2.94 billion, representing 445 units sold, growing 54% from EGP 1.85 billion, generated by the sale of 333 units during the second quarter of 2021.

North Coast June had the most significant contribution to gross contracted sales, generating some 43% of our gross contracted sales during the quarter on the back of the successful launch of a new phase of the project during May 2022. East Cairo projects accounted for a further 36% driven by continued strong performance of SODIC East. While West Cairo accounted for 21% despite limited new launches, mostly generated through sales of residual inventory in October Plaza and The Estates Residences.

#### Cancellations

Cancellations of EGP 294 million were recorded during Q2 2022, representing 10% of the quarter’s gross contracted sales, unchanged from the cancellation rate of 10% recorded during the second quarter of 2021.

Cancellations were negatively affected by cancellations of EGP 204 million on our 500 acres project due to its temporary suspension, with the project accounting for 71% of the cancellations during the quarter. Excluding cancellations on the 500 acres project, cancellations would stand at 3% of gross contracted sales.

#### Collections

Net cash collections reached EGP 1.59 billion for the quarter compared to net cash collections of EGP 1.3 billion recorded for the same quarter in 2021.

#### Deliveries

SODIC delivered some 299 units in Q2 2022, of which 239 were in our East Cairo projects, while our West Cairo and North Coast projects accounted for 57 and 3 of the delivered units, respectively. This compares to 146 units delivered across our projects during Q2 2021.

During the quarter, SODIC ramped up deliveries on SODIC East, delivering 125 units in our flagship project in East Cairo after starting deliveries on the project during the first quarter of the year by delivering ten units.

#### CAPEX

CAPEX spent on construction during the quarter amounted to EGP 661 million, compared to EGP 705 million spent during Q2 2021.

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### Six Months Ended 30 of June 2022 Operational Review

#### Gross Contracted Sales

SODIC sold 1,018 units during the first six months of 2022, generating gross contracted sales of EGP 6.67 billion, an increase of 77% over EGP 3.76 billion of gross contracted sales recorded during the first half of 2021 and an achievement of 48% of our 2022 gross contracted sales target of EGP 14 billion, with the company targeting a growth of 23% over FY2021 sales.

Gross contracted sales during the period were diversified between our main markets, with West Cairo accounting for 29% of sales mainly driven by our newest project, The Estates Residences. East Cairo contributed 35% of the period’s gross contracted sales on the back of strong absorption of newly released inventory on Vilette. While continued strong performance of June led to the North Coast accounting for 36% of sales during the period.

#### Cancellations

Cancellations of EGP 682 million were recorded during the first half of 2022, representing 10% of the period’s gross contracted sales. This compares to a cancellation rate of 9% during the same period in 2021.

Cancellations were negatively affected by cancellations of EGP 501 million on our 500 acres project due to its temporary suspension, with the project accounting for 76% of the cancellations during the period. Excluding cancellations on the 500 acres project, cancellations would stand at 2% of gross contracted sales.

#### Collections

Net cash collections reached EGP 2.96 billion for the period, with delinquencies at 8.2%. This compares to collections of EGP 2.47 billion and a delinquency rate of 9.8% recorded during the same period in 2021.

#### Deliveries

SODIC delivered some 464 units during the period, of which 355 were in our East Cairo projects, while our West Cairo and North Coast projects accounted for 99 and 10 of the delivered units respectively. This compares to 264 units delivered during the first six months of the previous year.

Deliveries on 655-acre flagship East Cairo project SODIC East started during the year, with the company delivering 135 units as of 30 of June 2022.

#### CAPEX

CAPEX spent on construction during the period amounted to EGP 1.29 billion, compared to EGP 1.48 billion spent during the same period last year.



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## Financial Review

### Income Statement

#### Second Quarter 2022

Revenues grew 51% YoY on the back of higher deliveries to record EGP 1.54 billion during the quarter. Revenues were mainly driven by deliveries in East Cairo projects SODIC East, and Villette’s Sky Condos, with East Cairo projects contributing 80% of the quarter’s delivered value. On the other hand, our West Cairo and North Coast projects accounted for a further 19% and 1% of the quarter’s delivered value, respectively.

Gross profit increased 18% YoY to reach EGP 437 million, implying a gross profit margin of 28%. This compares to a gross profit of EGP 370 million and a gross profit margin of 36% recorded during the second quarter of last year. Gross profit margins were weighed down by deliveries of the first phases of SODIC East as SODIC ramped up deliveries on the project which represented 39% delivered value during the quarter. Early phases of new projects generally carry lower margins, and margins gradually improve as we move on to deliver more advanced phases of our projects.

Operating profit came in at EGP 120 million, implying an operating profit margin of 8%, compared to an operating profit of EGP 163 million and an operating profit margin of 16% recorded during Q2 2021, with the drop in operating profit margin attributable to the drop in gross profit margins on the units delivered during the quarter.

Net profit after tax and non-controlling interests came in at EGP 65 million reflecting a net profit margin of 4%. This compares to a net profit after tax and non-controlling interests of EGP 122 million and a net profit margin of 12% recorded during the same quarter last year, with the drop coming on the back of lower operating profitability affected by early phase deliveries in SODIC East.

#### Six Months Ended 30 of June 2022

Revenues of EGP 2.73 billion were recorded during the first six months of 2022, representing a 46% increase compared to EGP 1.87 billion of revenues recorded during the same period last year. Revenues were mainly driven by deliveries in our East Cairo projects which contributed 75% of the period’s delivered value, led by Villette’s Sky Condos and SODIC East, which respectively contributed 28% and 26% of the period’s delivered value. Furthermore, our West Cairo and North Coast projects contributed 23% and 2% of the delivered value during the six months period respectively.

Gross profit increased 44% YoY on the back of higher revenues to record EGP 652 million, implying a gross profit margin of 34%. This compares to a gross profit of EGP 652 million and a gross profit margin of 35% recorded during the first half of 2021.

Operating profit for the six months period amounted to EGP 387 million, reflecting an operating profit margin of 14%. This represents a 33% growth over an operating profit of EGP 292 million and an operating profit margin of 16% recorded during the same period last year.

Net profit after tax and non-controlling interests came in at EGP 292 million, growing 31% from the EGP 223 million recorded during the first half of 2021. Net profit margin decreased slightly from 12% in 1H 2021, to reach 11% in 1H 2022, affected by the large volume of early phase deliveries in SODIC East during Q2 2022.



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### **Balance Sheet**

SODIC continues to maintain a strong liquidity position with total cash and cash equivalents amounting to EGP 2.17 billion.

Bank leverage remains low, with bank debt to equity standing at 0.43x. Bank debt outstanding amounted to EGP 3.06 billion as of 30 June 2022. SODIC has been gradually increasing leverage mainly to enhance returns. 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.

Total receivables stood at EGP 22.21 billion, of which EGP 5.35 billion are short term receivables providing strong cash flow visibility for the company. A total of EGP 2.64 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 19.58 billion of receivables related to undelivered units are disclosed in the footnotes.

Our total backlog of unrecognized revenue stood at EGP 25.16 billion as of 30 June 2022, providing strong revenue visibility for the company.

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### Selected Consolidated Income Statement Items

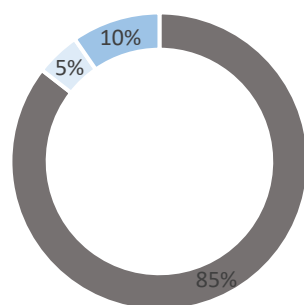
EGP in million	1H 2022	1H 2021
Total Revenue	2,731	1,872
Cost of Revenue	(1,790)	(1,220)
<b>Gross Profit</b>	<b>941</b>	<b>652</b>
Gross Profit Margin	34%	35%
<b>Operating Profit</b>	<b>387</b>	<b>292</b>
Operating Profit Margin	22%	16%
<b>Net Profit Before Tax</b>	<b>403</b>	<b>302</b>
Taxes	(108)	(76)
Non-Controlling Interests	(4)	(3)
<b>Net Profit After Tax and Non-Controlling Interests</b>	<b>292</b>	<b>223</b>
Net Profit Margin	11%	12%

### Selected Consolidated Balance Sheet Items

EGP in million	Mar-22	Dec-21
<b>Assets</b>		
Work In Process	16,411	14,184
Long Term & Short Term Net Trade and Notes Receivable (on-balance sheet)	2,636	2,512
Cash and Cash equivalent	2,169	1,914
<b>Total Assets</b>	<b>27,468</b>	<b>26,794</b>
<b>Liabilities &amp; Shareholder Equity</b>		
Bank Credit Facilities & Long Term Loans	3,058	2,551
Advances from Customers	7,538	7,008
<b>Total Liabilities</b>	<b>20,380</b>	<b>19,997</b>
<b>Total Equity</b>	<b>7,089</b>	<b>6,798</b>
<b>Total Liabilities &amp; Equity</b>	<b>27,468</b>	<b>26,794</b>

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### Shareholding Structure as at 30/6/2022



- 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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